THE EMPIRE CLUB OF CANADA

Founded 1903

Addresses 2012–2013

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THE
EMPIRE
CLUB
OF CANADA

2012–2013
109th Yearbook

Her Majesty Queen Elizabeth II
Queen of Canada
wearing Her Canadian insignia
as Sovereign of the Order of Canada
and the Order of Military Merit

THE
EMPIRE
CLUB
OF CANADA

Founded 1903

Addresses
2012–2013

God Save The Queen

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The Empire Club of Canada

Royal York Hotel
100 Front Street West
Toronto, Ontario M5J 1E3
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THE EMPIRE CLUB OF CANADA PRESIDENT'S FOREWORD

After nearly a decade of service on the Board, it inevitably becomes your turn to step up to lead the Club. You pick up the baton and quickly realize what a great honour—and what a very demanding year of events and challenges lies before you. And then you too hand on the baton. It's a great Canadian ritual that has taken place more than 100 times, for 110 years.

Robin Sears
President, 2012–2013

I was privileged to serve in a transformational year for the Club. Under my predecessor's capable watch the Club had begun to rebound from a severe financial and administrative challenge. Verity Craig led the rebuilding process with a firm hand and sometimes fixed smile in the face of adversity. She bequeathed an already stronger and healing organization after a year of very hard slogging.

My job was to build on her foundation, working with a rejuvenated Board and staff to update our internal decision making, our financial discipline, our partners and our Web site. We were thrilled at how many friends of the Club, new and old, stepped up to every challenge we set them.

The cautionary tale is that in any volunteer organization it can become too easy to avoid asking the hard questions when signs of decay first emerge. It's hard to raise your hand or your voice to challenge traditions and colleagues with decades of experience. The Empire Club was graced with enough earned affection and respect among enough people that those voices were raised and heard.

While we were scrambling behind the curtain in many weeks, on stage the Club had a stellar year with too many great speakers and great events to detail here. In this volume you'll see some of the great addresses and powerful oratory for which the Club is famous. But I would urge you to also check our Web site and see some of the events as they were lived.

Let me cite one only: the re-launch of Maple Leaf Gardens as a home for both athletics and learning under the stewardship of Ryerson University. I promise you will be very moved as you watch their performances, by the power of the young innovators that President Sheldon Levy introduced to hundreds of Club members and friends on that day.

To some, the idea of a speaker's club is an anachronism from another era, irrelevant in a day of instant and universal access to speakers and speeches. I hope that we have taken a small step to demonstrate once again what nonsense that is. Nothing can compare to the power and impact of several hundred interested and engaged participants, first being wowed by great speakers, then being part of lively discussions about the ideas they've shared.

The difference between 1903 and 2013 is that today's Club supporters can re-live that experience online, can increasingly participate from remote locations, and can pass on video clips and tweets to friends about the events they have enjoyed. The core of great ideas, great speakers, and great audiences was part of our formula in our founding year and still is 110 years later.

To everyone who has had a casual exposure to our Club—dragged to an event by a determined friend and then left glowing at the memory of a stimulating event and interesting people—may I say please take the next step! Join! Suggest events and people to the Club online or to our hardworking and capable staff, led by Jehan Karsan. To meet interesting people and to be introduced to fascinating ideas and stories, the Empire Club really is the best value for money around.

I'm delighted to see that under the leadership of the president to whom I passed the baton, Noble Chummar, our esteemed Club has continued to climb to new heights. Please enjoy this record of a great year. I hope it inspires you to step up to join a collection of some of the most interesting men and women it has been my privilege to call friends and colleagues.

Robin Sears
President, 2012–2013

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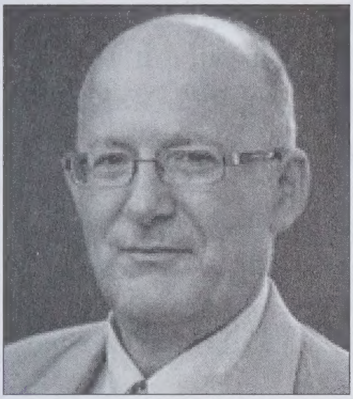


October 1, 2012

Jeremy Black, MBE

Professor of History, University of Exeter

MAKING BRITISH NORTH AMERICA: THE WAR OF 1812 RECONSIDERED

Chairman: **Robin Sears**
President, The Empire Club of Canada

Head Table Guests

M.J. Perry, Vice-President and Owner, Mr. Discount Ltd., and Director, The Empire Club of Canada; Serena Goldring, Student, The Bishop Strachan School; Capt. The Reverend Don McLean Aitchison, Chaplain, Trinity College School, and Chaplin, The 48th Highlands of Canada Port Hope; Dr. Sarah Black; Sandra Shaul, Project Manager, City of Toronto's Bicentennial Commemoration of the War of 1812; Blake Goldring, Chairman and CEO, AGF Management Limited; Councillor Michael Thompson, Chair of Toronto's Economic Development and Culture Committee, Vice-Chair of the Toronto Police Services Board, and the City Councillor representing Ward 37, Scarborough Centre; and Verity Sylvester, Managing Director, CV Management, and Past President, The Empire Club of Canada.

Introduction by M.J. Perry

When given the honour of introducing Professor Black, I asked for his official biography and found it to be so short it did not come close to reflecting the accomplishments of the man. To give you just an introduction to what he has done would use up all the time assigned for him to speak.

Currently he is Professor of History at the University of Exeter and is highly regarded as a specialist in Military History.

He has studied in both camps of the Oxbridge divide by completing his undergraduate studies at Cambridge where he received a starred first, followed by postgraduate work at Oxford. He taught at Durham, eventually as professor, arriving to teach in Exeter in 1996. He has lectured extensively in Australia, Canada, Denmark, France, Germany, Italy, New Zealand, and the USA, where he has held visiting chairs at West Point, Texas Christian University, and Stillman College. A past Council member of the Royal Historical Society, Black is a Senior Fellow of the Foreign Policy Research Institute. He was appointed to the Order of Membership of the British Empire for services to stamp design.

He continues to serve on numerous editorial boards including the Journal of Military History, the Journal of the Royal United Services Institute, Media History, the International History Review, and History Today and was editor of Archives.

In his spare time he has authored over 100 books, with a specialty in eighteenth-century British politics and international relations. I thought I should read one of his more recent works "Flames and Water: The War of 1812" in preparation for this event and found that it is sold out not only at my local book store but at Chapters. Quite an accomplishment for an academic. I came to realize that I should not have been surprised when I read one of his peer reviews which described him as innovative in the world of history, and another used the phrase "verging on Radical." These comments tell me that we are in for an exciting and enjoyable discourse.

I give you Professor Black.

His most recent book is "Flame and Water: The War of 1812." Recent publications include "The War of 1812 in the Age of Napoleon" (2009), University of Oklahoma Press; "The Great War and the Making of the Modern World" (2011), Continuum International Publishing Group and "Fighting for America: The Struggle for Mastery in North America 1519–1871" (2011), Indiana University Press.

Jeremy Black

Ladies and gentlemen, thank you very much for coming along to listen. The speaker can always speak, but if there is nobody in the audience, it always is fruitless. Thank you for coming and making this occasion.

I would like to say on behalf of my wife, Sarah, and myself how pleased we are to be here. It's my fourth visit to Canada. It is Sarah's third. We've always enjoyed our visits here. Canadians probably don't realize this, but they're some of the most pleasant and courteous people in the world. Take a pat on the back. I'd like to say thank you to my friend, Blake Goldring, who's been responsible for actually arranging this visit for me.

History is about two things. It's what happened in the past and it's how we provide accounts of what happened in the past. What I want to do is to use the War of 1812 to both feature and focus on its importance, but also show different ways that we can look at military history and the development of North America. In essence, I always think it's a good idea to say at the outset what one's going to be saying, and then people who don't want to listen can, as it were, think of other things.

What I'm going to argue is that the development of North America was far from inevitable, that the pattern by which what had been British North America was to be split into two independent states, each of which would reach from ocean to ocean, was far from predictable and that the War of 1812 was very important in this, and that in that war, Canadians helped to make their own destiny.

What I want to start off with is to explain that there are two different ways you can look at history. The classic way, particularly because of the influence of Marxist thought, even on people who in no way are Marxist, people who often in some respects are conservatives, is to argue that there are deep and immutable forces in history often linked to economics or geography or other such factors and in which, as it were, results are likely predictable, almost inevitable.

If you take that viewpoint, which is not the viewpoint I take, in a sense there is very little that individuals or groups or generations can do to affect the lottery of fate. I don't take that view. I take the view that actually generations, nations, peoples and individuals within those, can make an enormous difference to their history. I think if you look at the history of North America, particularly the history of North America from 1754, which is as you all know, when hostilities started in the Ohio River Valley, right up to 1871 when Britain and the United States signed the Treaty of Washington, this, in effect, settled the North America question with two strong, independent states, Canada and the United States, each secure in its own borders.

If you actually look at that period, you can repeatedly see how individual generations, individual groups, individual armies, and particular generals made a difference. I think that's important in its own right, which is why I'm going to be talking about it, but I also think it's important if we think about the relevance of history to the present day, because what I'm essentially saying is that what we do as individuals, as members of groups, as patriots, as members of nations, makes a difference to the developments of those countries.

For some of the people of the older generation here and for the younger people thinking about their parents or their grandparents, what people did in 1940, for example, both what Canadians did and what Brits did, was of extraordinary importance to the development of the world. What I'm going to do is to go back to a previous crisis and I'm going to show how what people did in the 18-teens made a big difference.

Let's start in 1812. In 1812, the government of the United States, having debated the matter in Congress, declares war on Britain. Britain does not declare war on the United States. Britain doesn't want to fight the United States. The United States declares war on Britain and it declares war essentially for two reasons. One, it has a couple of serious grievances, grievances that are very serious to the Americans; and two, it is certain it is going to win.

The grievances were one that is linked to Canada and one that is linked to the British Navy. The one linked to Canada was a view among Americans, particularly those known as the War Hawks, who were particularly strong in the western and southern states. This view among many American politicians was that the British presence in Canada and the activities of those people who lived in Canada, both, as it were, servants of the British state, but also independent agencies within it, were stirring up in their view Native Americans, what we would now call First Nations, in order to resist American expansionism, particularly American expansionism in the areas of what are now Indiana and Illinois. The view was voiced very strongly, particularly by Henry Clay, the Speaker of the House of Representatives, and in order to deal with, as it were, the serpent of the, as they saw it, Native American resistance, they had to smash its lair and its lair was apparently Canada. Number two was the view that the British Navy was stopping America trade as it would wish to trade, particularly with the continent of Europe.

Why were they bound to win? They were absolutely certain they were going to win. Thomas Jefferson, who had been President, wrote to his successor, former Vice-President and ally, the current President, James Madison, that he was confident that if war began in 1812, that it would be possible in 1812 to conquer what we would now call Ontario and Québec, and to finish off in 1813 by conquering Nova Scotia, particularly the key naval base in Halifax. Why were they confident? Well, of course, Britain was already fighting a war. That's why Britain was blockading American trade. Britain was fighting a war with Napoleon, and that war was going badly.

At the beginning of 1812, Napoleon's Europe dominates the whole of the continental landmass west of Russia and Russia at that stage under Czar Alexander I is actually an ally of America. It's rather like the situation in Europe in 1940, in fact. Napoleon had fought and successively defeated the Austrians and the Prussians. They are now part of the French system. There is still resistance in Portugal and Spain, but nobody believes at that point that however well that resistance continues and, of course, there's a British army under the Duke of Wellington there, that that's going to lead to the overthrow of Napoleonic France.

Indeed, in the summer of 1812, at the very same time that the Americans declare war, Napoleon having broken with Russia, leads the largest army Europe had ever then seen, 600,000 troops, many of them French, but including national contingents from Prussia and Austria as well as French subjects, forces from Italy and Germany, in an invasion of Russia confident of victory. The Americans are confident that Napoleon is going to win as well. They have an envoy that travels with Napoleon. They're absolutely confident. Therefore, it is quite clear what is going to happen. The American forces will invade Canada. Britain is going to be too weak to resist. North America will be remolded. There's nothing that the British are going to be able to do about it because once Russia has fallen then the British are going to have to accept whatever terms Napoleon offers however strong the Royal Navy is.

Indeed, to offer a twentieth-century analogy, in the 1960s the Canadian historian, Richard Glover, who clearly was not out to endear himself to the Americans, described America's conduct in 1812 as rather like Mussolini in 1940, when Italy joined in against France and Britain when they appear to have been defeated by Germany.

At that point, you start to realize the weakness of the idea that inevitability is the key force in history. Britain is weak. Britain cannot spare significant forces to go to North America. In fact, the British are to send no significant reinforcements to North America until 1814. The garrison in Canada and the Canadians are, as it were, on their own. The British, of course, still have a significant Navy, but the first task of the Navy is the protection of home waters. The second task of the Navy is the support of the Duke of Wellington's forces in Portugal and Spain. The third task is the attempt to blockade Napoleonic Europe. Maintaining links across the Atlantic to Canada are important, but it is not the prime task.

You would have thought it would have seemed a reasonable option to argue that an inevitable outcome is going to be there and, of course, what one has to bear in mind is that one of the importances of the War of 1812 is it plays directly against and across this track of inevitability. It reminds me, going back, as I said, to the outset how careful we must be when we're looking at the history of North America from 1754 until 1871 to believe that inevitable outcomes will always occur. If I might give you a later example of that, in 1865, 1866 and in 1867, British politicians and Canadian politicians—it's a crucial background to Canadian Confederation—were convinced that there was the danger that they didn't think it was inevitable. They were convinced that there was the danger that the union having won in 1865 would not do the most remarkable thing that it did do, which was demobilize, but would actually turn north and drive the British out of Canada, which is one of the major reasons, of course, for Confederation.

We go back to 1812. In 1812, two things happen that the Americans really had not anticipated. Number one, and it plays out right the way through the war, is a much stronger resistance, mounted in Canada than they had believed would be the case. Number two, it gradually dawns on them with growing horror that they've backed the wrong side in the World War, that actually in a way, Napoleon's vision of the future is to run out in the snows of Moscow, outside Moscow, and that is going to be it.

From then on, as it were, the French Empire gradually implodes in 1813 and 1814, and the Americans are on the wrong side. Obviously, we are here in Canada and in a sense, what needs to be spoken of most is the actual situation in North America.

The Americans were fairly clear as to what was likely to happen. After all, they had invaded Canada before. They had invaded Canada in 1775. The invasion had been a surprise for the British. It had been a very rapid success in the initial stages. American forces had rapidly moved north on the Lake Champlain corridor. They'd moved into the St. Lawrence. They, of course, had conquered Montréal and they'd besieged Québec. Another American expeditionary force had crossed Maine under Benedict Arnold, quite a considerable feat given the nature of the terrain and, of course, it arrived on the opposite bank to Québec at about the same time as Montgomery's force arrived from Montréal.

Do you know, in a sense, the Americans had won? Two inconvenient things happened, of course. The garrison in Québec mounted a better defence than had been anticipated and, of course, eventually the ice melted in the St. Lawrence and a relief force got up there. What it had shown is that it should be possible for the Americans to rapidly move to the St. Lawrence Valley and to be successful. Of course, in 1812, they have greater advantages than they'd had in 1775. In 1812, there isn't a British garrison in Boston to distract American forces. The Americans, because they've expanded westwards, have more points of operation, more axes of attack on Canada, particularly from Detroit, for example, and, of course, from the Niagara Peninsula, neither of which had been axes of attack in 1775. There are more Americans. They actually have with their state militias, less so with the Army because the Army is quite small, but with their state militias, considerable experience of operating under arms and in the case of the western states of fighting

Native Americans, of course, or as you would call them, First Nations.

By rights, the Americans should have won. There is an account of military history, an account I've spent much of my life trying to contest, which argues that the big battalions usually win. Consider Stalin's famous remark, "How many divisions has the Pope got?" Or to take a more popular example, the Clint Eastwood character who says to Clint Eastwood that the man with the Winchester always wins. Since we are now in Canada and not the United States and most of you don't probably have concealed weapons with which you can shoot me if I irritate you, let me tell you that a Winchester is a repeating rifle. In other words, it has greater range and fire. It has greater range, greater firepower, greater fire rate than the weapon it's up against, which was a Colt revolver and therefore obviously, the man with the Winchester always should win. Actually, if you've watched the film, you would know that, alas, the man with the Winchester is up against Clint Eastwood and Clint Eastwood, of course, actually beats the man with the Winchester.

The point about 1812 is that in 1812, 1813, and 1814, a very well conducted defence, particularly in the Niagara River area helps to form and cause enormous problems for the Americans. I haven't got the time here and it's not my business. In my book I go through the details of the defence, but in 1812 itself, forces based in Canada mount what we would call an active forward defence on the Western axis near Detroit, doing extremely well. There are very effective operations around Queenston and the Niagara Peninsula that also do very, very well, and the American direct thrust up the Lake Champlain axis is stopped. Of course, it's weakened as well by the fact that there is a major contrast between what happens in Canada and what happens in America. The major contrast is, again, unexpected.

The major contrast is that essentially Canada acts in a united fashion. The people who act in a disunited fashion are the Americans. There had, of course, been a vote for war in Congress and the governing party, what was then called the Democratic Republicans, is gung-ho for war. The opposition, the Federalists, are against the war. They voted against it. They believe it's wrong. They want to go on trading with Britain. In fact, they sell Britain grain during the war, which helps to feed Canada. The state militias of two of these states in New England refuse to cross the state lines. The key point here is that the Federalists' strength is concentrated in New England, which of course, is going to be very, very important in supporting any advance up the Lake Champlain corridor.

Although the Americans do stage-three advances in each successive year up that corridor, they do not develop the force dynamic that they should have done, and that they really required to break through.

The contrast is very clear if you turn to Canada. In America the Federalists are actively intriguing against the war. They're selling grain to the British. By the end of 1814, they actually have a meeting of Federalist politicians and state governors at Hartford, Connecticut, the so-called Hartford convention, in which they certainly discussed how they can best obstruct the war effort, and some of the hotheads discussed separatism from the United States.

Whilst that is all going on in America weakening the American war effort, in Canada, on the other hand, you have the complete reverse. You have a situation where a set of colonies, a proto-nation, whatever term you wish to use—and obviously these terms are controversial in Canadian history—operates in a much more united fashion than people had anticipated. In particular, there is no dissidence in Québec that might have been expected; in fact, the exact opposite occurs. In Québec, there is considerable opposition to the idea of being conquered by

Americans and being brought into the American Imperium. Indeed, you can find across what becomes Canada a much stronger rejection of America in 1812–14 than had been the position in 1775–6, and there's a number of reasons for that.

Another good reason is, of course, particularly in Ontario, that many of the inhabitants of Ontario are either themselves or the sons of people that had emigrated or been expelled from America as Loyalists as a result of the War of Independence. They had not appreciated losing their land. They had not appreciated being beaten up. The clergy among them had not appreciated being thrown out, some of them being tarred and feathered. There is a very strong, popular response. That's the key point.

The key point here is that the British garrison is small. It could not have held on for any length of time in the absence of important popular support, which is popular support manifested in a willingness to fight for their vision of their future, a very different vision from the vision of the British North America that the Americans had sought to pursue both in 1775, and were seeking to pursue again in 1812.

I also happen to think that's a very important element. Obviously it was something I was talking about earlier to the pastor. It is unfortunate that so many countries have their original, as it were, foundation moment in war, but nevertheless, that is the case. The War of 1812 is very, very important in the Canadian context, more important in the Canadian context than it is for either the British or the Americans, although, it is significant for both of them, precisely because you get an experience of a common threat and you get a united response to it that is much more powerful and potent than might have been envisaged and that then looks forward to providing a ballast for the generations after the war.

I'm not an idiot. I'm aware that there were tensions in post-1815 Canada. We know, of course, there's the Fenian Movement. We know there's disaffection, including a certain degree of violence in the late 1830s. The interesting thing is there is nothing that matches the disunion that you see in the United States, both during that war, and subsequently in the nullification crisis, and the controversy of the Missouri state line and, of course, eventually moving up to Civil War.

For Canada, the War of 1812 is a formative moment. It's also a formative moment in the relationship between the British Empire, Britain if you like, and Canada because in a sense, as you well know, Canada is the first area of the British Empire to which Dominion status is extended, which essentially means self-government. Indeed, I mentioned the end of my story is 1871. The key thing that happens in 1871 is that the British actually leave Canada to its own defences. They leave just two garrisoned positions—Halifax in the East and Esquimalt on Vancouver Island in the West—the two naval bases important to the naval logic of British power.

Essentially, they trust the Canadians to run their own defence. They trust the Canadians to run their own policies. In a way, this might seem surprising to you. We know that the outcome is always going to be Dominion status, eventual independence, and the end of Empire. That is, as we know, what is going to happen. You have to remember that however much something might seem inevitable, it didn't seem inevitable at the time. The British hadn't conceived of Dominion status to offer the Americans in the 1770s. They hadn't got that idea in their head as a way to deal at that stage with the terrible problems with Ireland. In a way, it is Canada that is the great political and constitutional experiment. It's a political and constitutional experiment that rests for the Empire on a sense of political trust, and on the military ability of Canadians to discharge their own roles in defending their own proto-country, what becomes their own country.

Again, the War of 1812 is important, not just for the development of Canadian nationalism; it's also the Canadian identity. It's also important for a new Imperial partnership between Britain and its Empire in North America, an Imperial partnership, which is then to serve as the model for how the British develop the method of constitutional and political arrangement with Australia, the method of constitutional and political arrangement with New Zealand, with South Africa, and, in fact, eventually with Ireland.

That is significant. That is a significant moment in world history because the ability of empires to dissolve without complete chaos, without war, without rebellion, without revolution was something that had never happened prior to the way in which the British Empire developed in the 19th century. Small events you might think of as small acorns. Well, they weren't small acorns. They were seen at the time as significant.

My time is running out. I would just like to make one or two other points, and then I would be very, very happy to take questions. As I said, obviously there's many other things that we could talk about.

What other particular points do I think are relevant? Looking forward from the War of 1812, it's worth bearing in mind that repeatedly after 1815, there were war panics on the Canada-America frontier. There isn't really a good treaty until 1842 for the Eastern section of the frontier. Then, in the 1840s there's the possibility of war over the Oregon question. Then, of course, as you may know, at the very end of the 1850s there's a near war over islands between Vancouver and what is now the State of Washington. Then, of course, there's the real risk of war, which is threatened by the Americans twice during the Civil War and then again after the Civil War is over.

In each case, you can look at the British military planning. They're there in the archives, both the Army planning and the Naval planning and it's interesting. Military planning is interesting, not just because of what it tells you about how people conceive of their own military strength and how they see themselves as adapting to new challenges, and there are important new challenges. The British War Planning for Canada, the defence of Canada in the 1840s, is having to adapt to how to be able to defend Canada in the new context of the steamship and then how they are best going to be able to defend Canada in the new context by which American forces can use railways to mobilize troops and their supplies much more rapidly than they did in 1812. That element is interesting.

For me, it's always interesting. Military figures are generally very clever when they do staff work, but it's not their job to be producing documents that make sense to nonmilitary figures. Often what isn't mentioned is as interesting as what is mentioned. The key thing about what isn't mentioned is when the British had to look at a real serious crisis. The Oregon question may seem very dull to you but essentially, there was no agreed frontier west of the Rockies. The British and the Americans had not been able to agree on this. What in effect they'd agreed on was a condominium, a joint sort of ownership over the modern states of Oregon and Washington and then the modern province of British Columbia. That's what had been agreed to and had been easy to agree to because fundamentally there weren't very many whites there and essentially they had all been run by the Native Americans.

This becomes an impossibility as American settlement west of the Rockies grows, as American expansionism in a sense of manifest destiny grows, and President Polk fights the election on a "55-40 Or We'll Fight" on telling the American electorate that he will go to war if the boundary of America is not what is now the limits for the southern boundary of Alaska. Alaska was then Russian. In other words, British Columbia, Vancouver Island, Oregon and Washington were all going to be American. There was serious war planning. The British mobilized the Pacific squadron. They sent lots of troops across the Atlantic to Canada, etc., etc., etc., etc. Then again, there is serious war planning at the end of 1861, the beginning of 1862 and late in '62, and the beginning of '63, when Britain and America drifts very close to war in each case.

What is striking is what is not mentioned in the documents. At no stage in the documents is there any sense on the part of the British military planners that the Canadians will do anything other than fight in their own defence. There is a strong sense that Canada is going to be loyal to itself and loyal to the Empire, and there is no sense that anybody apart from a few Fenians might actually cooperate with the Americans. It is truly impressive because that's not the commonality of military planning in that period when in fact, for example, the British in the 18th century had had to think about the possibility of French or Spanish invasions on behalf of the Jacobites of the British Isles. They regularly had to assume a large amount of disaffection in Scotland, in Ireland, and maybe in parts of England.

I think this is something that's worth thinking about. The War of 1812, the destiny of North America in many senses, rested in the hands of the Canadians of the past and they made their own destiny. Obviously, the role that the British took was significant. The role that the Royal Navy in particular took was very significant. This is a moment of Canadian history, which it does well for you to think about.

Several years ago I was very fortunate to be invited by Blake to address the annual dinner at the Royal Regiment of Canada and to be guest of honour. At the end, I gave a toast, which is not usual. People from the podium don't usually give a toast, but I'd like to do the same. The toast remains the same. The toast is "Friendship Across the Ocean."

Question

You did not mention anything about 1805 and I'd just like to ask what the influence of 1805 was on the War of 1812.

Jeremy Black

You're thinking of the Battle of Trafalgar, I take it.

Question

Absolutely.

Jeremy Black

Well, obviously, I didn't mention lots of things. Just to remind you, in 1805, the British Navy under Admiral Lord Nelson engages the French and Spanish Navies, which have sailed out of Cadiz and inflicts one of the most decisive naval victories in world history. The only ones I think to probably rank with it in modern times are the Japanese victory over the Russians at Tsushima in 1905 and the American victories over the Japanese at Midway in '42 and Philippine Sea in '44. There was no other naval victory that was so impressive in that period.

Clearly, it's very significant. Britain had the largest Navy in the world, but as a result of French land successes, France had coerced into its system or conquered—France had the second-largest Navy in the world—the Dutch and the Spaniards. The Spaniards had the third-largest Navy in the world and the Dutch, depending upon your point of view, had either the fourth or the fifth.

Clearly the British needed to do well. Britain had another problem—the British population was then relatively modest. There hadn't been the enormous population growth that's to come in the 19th century linked to industrialization, and of course, one of the products of which is the large-scale immigration to Canada, and Britain didn't have conscription. They did have the press gang to help with the Navy, but they didn't have conscription. They have a tiny army, a really small army. Unless you can take out the French Navy, you're in dead trouble. The British followed a high-risk strategy during the war. I'm using the analogies with World War II deliberately because a) I've written a couple of books on World War II and it interests me, but b) because actually strategic problems do not change in history. The technology changes, but the strategic problem doesn't change. The key strategic problem was how far do you focus all your forces on home defence and how far do you take a risk strategy and send your troops abroad, risking their defeat or risking the other side going for your home country?

The British took a risk strategy. The reason they took a risk strategy is they're part of an alliance. They want to keep their allies in the war and they want to pursue attacks on detached French colonies, and so on. One of the reasons they have to win these naval victories is that if they don't, there is the risk that they're going to be invaded. Of course, the other example, and I've referred to it already, is 1940. In 1940, the British had taken the risk strategy and it had gone disastrously wrong. The British had sent the British Expeditionary Force to the continent. It had been badly defeated with its French, Belgian and Dutch allies. A large number of troops had been fortunately evacuated from Dunkirk and further west, but they'd left almost all their material and their equipment behind. They were in a total mess.

Obviously, as you know, one of the key moments of Canada's importance in world history is that the Strategic Reserve Defence Force in southern England at the time when the Germans are threatening Operation Sea Lion is the Canadian First Division, absolutely crucial. The fact that it doesn't fight doesn't mean it's not crucial. It's crucial because it would've been there to fight had the Germans landed. The second point is, of course, the British have their Navy. There's been a controversy recently as to whether we've overplayed the role of the Air Force and underplayed the role of the Navy. The Navy in 1940 is there ultimately to ensure that there's going to be such heavy costs to any invasion that people are going to be deterred from making it.

In 1805, Britain has a great naval victory; they're the last of a sequence because they'd, of course, already won Camperdown and the Battle of the Nile. They have naval superiority, which means that in 1812 their large field army is not defending Britain; it is in Spain and Portugal. What they can't do is send a large force to North America because they just don't have the manpower. They simply do not have it. If you look at the British Empire as a whole, the way the British Empire works militarily in fundamental terms, this is simplifying it, is providing what is the cutting-edge, high octane, industrial, technological side, which in that period meant the Navy. By let's say the 1950s, it meant the atomic bomber force, then, resting on the fact that elsewhere you'll get units of British regulars allied with local forces.

In India, the British conquer India essentially with Indians. There are British regiments as well, but it wouldn't have worked unless a lot of Indians had been willing to serve with the British. In North America, it's a more complex alliance pattern because Native Americans or First Nations, as you call it, are part of it, but also increasingly important are the militia of supportive colonies.

I promise not to be so long next time.

Question

Well, I guess it was during this war that about 14 to 18 ships came across this lake from Sacket's Harbor. Zebulon Pike was leading the whole contingent. Of course, they got to Sunnyside Beach and then came near where the Princess Gates are here in Toronto. Zebulon Pike was blown to smithereens and sent back to Sacket's Harbor.

There's a very small cemetery there today. There is not much indication of anything there. Last weekend I was down in Lewiston. After the Americans came across the Niagara River at 3:00 o'clock in the morning, they were soundly defeated there. If you cross the Niagara River today to Lewiston, you won't see any mention really of the War of 1812. It's very difficult to find. What is your perception in the difference as to how Canadians view the war and Americans view the war?

Jeremy Black

That's an interesting question. There is a difference and there is a similarity. We are all human, so this is not any criticism at all. The difference is, obviously, that the Americans don't dwell on what went wrong. They have less interest in it than the War of Independence or the Civil War, which obviously they are obsessed about.

The similarity—and there is a similarity—is that the Canadians, the Americans and the Brits are not too different from everybody else in the world. They dwell on their successes, which is a bit of a surprise. If you were to go, as I have done, to Baltimore, you will find that Fort McHenry is a national site and an enormous thing is made of the defence against the British bombardment. There's an enormous display of the flag and all the rest of it. If you were to go to New Orleans, they don't make much of the battlefield in New Orleans, but they're very proud of the fact that Andrew Jackson stopped the British attack on New Orleans.

I think that there's a more substantive point that you're getting at here, which is that in a way, history both unites us and divides us. It's both an important source of identity and if it's done badly, it is a curse. If it's done badly, people get empowered through a sense of historicized grievance. One can see that, for example—it's not my business to make critical remarks—some countries create a very false and distorted account of their past in which they have always been victimized by somebody else, so therefore, they are apparently entitled to brutalize other people.

In the case of North America, of course, the American anxiety, the American crisis of identity, rests on the Civil War when large numbers of Americans fought and killed each other for views of a different identity of America, both of which remain very potent today.

Part of the joy of Canadian history is that you've never had to do that. I know, as I said, in the 1830s and the 1860s, there were internal fights, but an astonishingly low rate by world standards. Part of your joy is that essentially differences have largely been conducted politically, most obviously, of course, the Québec question. It's not really surprising that Americans are so much more focused on the Civil War.

What I think is less attractive is the difference between the American treatment of the indigenous population and the Canadian treatment of the indigenous population. There seems to be a fundamental lack of awareness on the part of most Americans that people like the Cherokee or the Cree were completely brutalized, and had the most astonishingly high casualties, and large-scale violence against women and children. This is a very major contrast with the Canadian experience, which again is much, much more benign in world historical terms. That's nothing to do with the British. The British having played a role, the British encouraged people to respect the law, but if you think about it, the Canadians had a much more benign response than another famous British colony—Australia. There was something particular about Canadian culture or the role of political circumstances that meant that Canada has had a more benign history, which is great. I'm delighted that you shouldn't be surprised if other people focus in their own way, slightly differently.

Question

You touched earlier in your comments about the loyalty of our citizenry and the clergy. I've read a number of different works. While that was important, the Americans took it for granted. When they came here, they either harassed or intimidated our citizenry and that had a greater impact. One of the American generals, when they came through Windsor, actually issued a decree that any of our soldiers or citizens fighting beside Aboriginals loyal to the Crown could face dire circumstances. That had a greater impact than the perceived loyalty of our citizenry and the clergy.

Jeremy Black

I think there's no doubt at all that there was a certain degree of brutality. Obviously, we're standing here in Toronto. You hardly need me to tell you that the Americans did not always behave as they should have.

There's several different ways of looking at this. One of the unusual things about this war is we all focus understandably yet again on what happened. Think about what might have happened.

Let us say the Americans had done better in Ontario, alright? Let us say that there had been some collapse of loyalty in Québec. America had still engaged in a war for the conquest of Canada. I think it's almost inconceivable that you can explain how from that they were going to get on and govern and conquer Nova Scotia. By the spring of 1814, Paris has been conquered and Napoleon has fallen. What happens then? Well, the Empire strikes back. The British send a large expeditionary force to North America, so that even if what we call Canada or this part of Canada had been conquered by either terror or by an abandonment of loyalty, the British Crown at that point isn't going to give in, because it's now got nobody else to fight and it's in a totally different position from 1812.

The key thing is actually how this dynamic plays out in terms of Canadian identity. Canada doesn't remain an independent and different territory because it's been re-conquered by the British. Canada remains an independent territory because with the cooperation of British elements here and a broad basis of Canadian domestic support, the Americans are kept out. That, I think, is what's particularly important about the war. In the end, there's nothing inevitable. I've been arguing against inevitability, but in the end, the Americans were probably going to lose once Napoleon had been beaten by the Russians. In the end, the Americans were probably going to lose once Napoleon had abdicated. In fact, the Americans sought negotiations with the British via the Russians from the winter of 1812–13.

The key difference is that it's not necessary to re-conquer Canada or even more to force the Americans to divulge Canada by the other alternative, which is the British just anchoring ships in New York Harbor and just shelling the wretched place in Boston Harbor until these people go back to the status quo antebellum, the territorial situation before the war. That would have been the easiest and quickest way for the British to re-conquer Canada. I think, in terms—taking up the gentleman's point—of Canadian public memory, it would have been a much less attractive way to think of Canadian history, to think that that history remains different from that of America simply because of what happened with Napoleon and the British Navy and British Forces. I think it's actually very important to emphasize the role of how it developed.

There is an analogy. The clearest analogy, I suppose, is what was going on in Europe, that the Portuguese and Spaniards by fighting against the French—okay, the British sent a very important expeditionary force, but actually a lot of that fighting was done by Portuguese and Spaniards—played a key role in maintaining a sense of identity and national pride, certainly for the 19th century, which would've been very, very different if, quite frankly, those countries had just been sort of subject to the French and eventually had got their independence because the Russians or the Prussians, or the Austrians had beaten Napoleon.

Identity does play a role. You sung your song about your national anthem at the beginning. That's a very good anthem. It's about how people in Canada have had a sense of separate identity through their own effort. I think you can trace that back a lot further in history than you can for many other places that became independent of Empire.

The appreciation of the meeting was expressed by Blake Goldring, Chairman and CEO, AGF Management Limited.

October 11, 2012

André Pratte

Chief Editorial Writer, La Presse

WHAT DOES THE PQ GOVERNMENT MEAN FOR QUEBEC? FOR CANADA?

Chairman: **Robin Sears**
President, The Empire Club of Canada

Head Table Guests

Gordon McIvor, President, Alliance Francaise de Toronto, and Consultant, The World Bank, and Director, The Empire Club of Canada; Geoff Wilson, President and CEO, Toronto Port Authority, and Director, The Empire Club of Canada; Gianni Ciuffo, Partner, Financial Advisory Practice, Deloitte & Touche LLP; Miyo Yamashita, Partner, Enterprise Risk Practice, Deloitte & Touche LLP; Victoria Hall, Student, Emery Collegiate Institute; Reverend Canon Kim Beard, Incumbent at St. Paul's On The Hill Anglican Church, Pickering; John Honderich, Chair, Torstar Corporation; and Lisa Balfour Bowen, Founding President, French for the Future.

Introduction by Robin Sears

Ladies and gentlemen, it is now my delight and pleasure to introduce Mr. André Pratte.

Editorial editors are normally an unrecognized—and frequently disrespected—breed in journalism.

They are often accused of being obvious, irrelevant or naive by jealous reporters. Their job, in the cliché of self-described "working journalists," is to "Come down from the hills, after the battle is over, to shoot the wounded."

Usually anonymous—except in Quebec and some European centres where they get a byline—they get blamed for the editorial positions that are the publisher's insistence and little credit for blazing new trails. I know because I am the son of one such grumpy former editor.

My friend, André Pratte, is not one of those. In a 30-year career as one of Quebec's most serious political writers, he has spent the last decade building the editorial reputation of the La Presse editorial page with great courage, determination and occasional humour. His colleagues have endorsed that view naming him the best editorial writer in Canada in three separate years.

An author in his spare time, his life of Laurier, published last year is a fabulous addition to the thin shelf of Canadian political biography, and a great addition to his oeuvre of five other books.

But it is his championship of a new Canadian federalism for which he is most infamous at home, and most famous in English Canada.

It is hard to describe to a Toronto audience what resolve, and what courage, his eloquent defence of federalism means to someone of his prominence in Quebec. Perhaps a comparison might be an editor of the Toronto Star endorsing Rob Ford, over and over and joining the attack on his enemies.

Ladies and gentlemen, one of Canada's premier journalists, a visionary about this country, and a good talker—André Pratte.

André Pratte

Thank you Robin for a much too generous introduction. The one word I like is "naive," because I believe I am naive because I believe in the power of ideas. I'm not a businessman. I'm not a lawyer. I don't do anything. I just look at people doing things and I comment on it. But I believe that ideas are important, and that you can contribute to how our society is evolving by thinking and spreading ideas and discussing with others, sharing those ideas.

It's really a privilege for me to address such a distinguished audience. When I speak in Toronto I usually have a good Maple Leafs joke, but unfortunately the NHL is in a lockout and therefore I don't have a joke to start with. I must say we also joke a lot about the Canadiens these days, but they're not playing either which means they're not losing.

I'll make a few remarks that I'll try to keep as short as possible because I do really think it's a great opportunity for me to hear your ideas, your views, and discuss the future of our country, especially after the results of September 4 and the Québec election.

Let me first remind you briefly of the results of that election. The Parti Québecois got 54 seats out of 125 in the National Assembly, so they are nine shy of a majority. After nine years in power and a very high rate of dissatisfaction the outgoing Liberals got 50 seats, which really surprised many. A new political party called Coalition Avenir Québec or CAQ, their members being known as the caquistes, a very strange name, got 19 seats, which for a new party is not bad. A leftist party, Québec Solidaire, got two seats. It's interesting to note that the Parti Québecois got 32 per cent of the vote. That's their lowest score actually since 1973, which was their second election. In 1973 they got six seats with about 31 per cent of the vote, and now they're in power with 32 per cent of the vote, and that's a result of course of having not only a two- or three-party election, but actually four or five parties that are strong enough. The Liberals got 31 per cent, which is very close again. Even though Mrs. Marois is now Première, she heads a minority government and a weak one at that and there is no indication that needs to be said that there is some kind of resurgence of the separatist movement in Québec. However, the movement is still there and still quite strong. Most polls that ask people whether they would vote for separation using usually the word "sovereignty" get about 40 per cent of the vote. That's quite significant still today.

The Liberal defeat has brought about the resignation of Mr. Charest. The Liberals are now in a leadership race with two quite good candidates.

The CAQ, the new party, is led by François Legault, former businessman, former Parti Québecois minister. It has some potential but it's not very clear whether they'll become a coherent party enough to become eventually an alternative for government.

Quite surprisingly the first month of the Parti Québecois government has been very controversial and has shown signs of incompetence. I say surprisingly because whenever you think of the Parti Québecois and its ideas, it usually forms a very competent government, full of brilliant people, especially in finance. I think of Mr. Parizeau, for instance, or Bernard Landry, and many others. In particular there was a lot of controversy which you may have read about or heard about about some fiscal proposals that were made. During the campaign one of the main promises of Mrs. Marois was to scrap a healthcare premium of $200 a year that had to be paid by practically everyone except the poorest of the poor, that was introduced by the previous government. Obviously like any new tax it was very unpopular and the PQ had promised very solemnly that they would scrap the tax. They also explained that they would compensate the billion dollars, because by scrapping the tax, the government would miss a billion dollars. It would replace that money by introducing two new brackets in the income tax regime, taxing everyone at the provincial rate who had taxable gains of over $250,000, 31 per cent, which would bring the marginal tax rate in Québec combined federal and provincial at over 55 per cent, which as you know is quite high—certainly compared to what is the case in Ontario. That was not enough to reach the billion dollars. It also proposed to increase taxes on capital gains and on revenues from dividends. Obviously that was very unpopular, not only unpopular in business circles, but also for a lot of people for whom capital gains is part of their retirement or planned retirement income, and also a lot of people who invest even small amounts or through their pension funds in shares that produce dividend revenues.

Besides, Mrs. Marois announced, and it wasn't clear during the campaign certainly, that the health premium would disappear right from year 2012, fiscal year 2012. That means they needed a billion dollars for the current fiscal year and therefore the tax measures, the new tax measures, would be retroactive, which is especially surprising, especially in the case of capital gains, because of course people had made transactions during the year not knowing that they would now be taxed at a higher amount on these transactions. The controversy was so huge that the government finally had to back down which they did yesterday, even though they said that what they now propose respects the spirit of their proposal, their initial proposal. The fact is that they have now announced that the health premium will not be scrapped but become progressive. I just recall it was $200 for practically everyone. It will now move between zero to $1,000 for the high incomes. Taxation for dividends and capital gains will remain the same; there will not be retroactive measures. Therefore the health premium will remain for 2012 and the new regime will come into force for 2013. Not only the initial proposals are gone, but the spirit is gone. Everything is gone. They've come back really to something much more sensible.

This impression of improvisation and incompetence in a field that is extremely important has led many to think that this government will have a very short life and will probably be defeated in the National Assembly, if not this fall then next spring when the first budget is presented. It is true that a lot of people, especially in the business community are worried, not only because the perceived sense of incompetence especially in the economic field where Mrs. Marois's cabinet is very weak, but also because their program is really to the left. It's like the NDP before Jack Layton, which I guess tells you a lot. However, we should not under-estimate the Parti Québecois even though their minister of finance is pretty weak. They do have a lot of brilliant people around Mrs. Marois' table. They have very good communicators. There's a lot of sympathy for the Parti Québecois in the media, as you know, and in the many lobby groups like the environmentalists, the artists and so on. I'm pretty sure that the mess of the first week will not be repeated and they will have a government that is competent enough and will have a lot of sympathy for many groups that made Mr. Charest's life miserable.

There's also the question of who will be the next Liberal leader. As I mentioned, there are three good candidates, but as we all know, someone who's a good candidate, who's been a good minister, is not necessarily a good leader. Besides, you certainly have heard about this inquiry on corruption and collusion in a public works contract. The first star witness who has now been on the witness stand for five or six days has started making allegations or revelations. I think they are allegations but the media certainly think that they're revelations, implying very strong links between corruption and collusion in the construction industry and fund collecting for the Liberal Party. If this goes on for weeks and weeks and other witnesses confirm these things, obviously the Liberal Party, whoever the leader is, will suffer something like what happened to the Liberal Party of Canada under Paul Martin. I don't need to tell you that in Québec especially, the Liberal brand, the federal Liberal brand, is very damaged. Even though the federal and provincial parties in Québec are very different, there's still a connection. There seems to be an impact of what happens to the federal Liberal party on the provincial party and the reverse. If another scandal hurts the Liberal brand in Québec, it will be very difficult not only for the future federal leader to make inroads in the province, but also for any leader of the provincial party. Therefore, whatever has happened over the first month with the Marois government, there's certainly a possibility that it will survive more than a few months, and even eventually be re-elected as a majority government.

Now, should we care? As Québecers I think we certainly should. As Canadians from outside Québec, should you care? I certainly think so. Actually we should care about politics in Québec, whatever happens to the Parti Québecois, even if it is beaten three months from now, but more so if it remains in power because it will continue and I would say intensify a very constant process that has been going on for about 20 years, probably since the Bloc Québecois elected a majority of MPs in Ottawa—distancing Québec from the rest of Canada and vice-versa, a process that obviously the Parti Québecois has every intention of continuing and pushing. There are many reasons for that rift that is widening between Québec and the other regions of the country. I don't want to take too much time explaining how I view this. Certainly many Québecers now feel, I wouldn't say hostile, but more indifferent to whatever happens in the rest of the country. Besides the 35–40 per cent who would like to separate, many, many others don't care either about separation or federalism or Canada or Toronto or anything else. Young people from Québec are like many other young people in the world. They want to learn languages. They have friends from every culture. They want to travel in the world. They want to work practically everywhere, but probably not in Toronto.

A very strong feeling that has always existed in Québec for many Québecers—an emotional attachment to Canada as a country they helped to build, an admiration for Canada's contribution to the world, and pride of achieving such a marvellous country—has really diminished a lot. I don't need to tell you that when a crisis erupts between the rest of the country and Québec, as is bound to happen in a country as diverse as ours, that emotional link is crucial, is very important, because whatever the arguments, when people come out and vote, for instance in a referendum on separation, many hesitate. Even though some would be sensitive to the PQ argument, they don't want to lose Canada. The feeling that certainly existed a lot in the generations of the 1940s, 1950s and 1960s, a little less in 1980, and a little less in 1995, is weaker now than it has ever been, and a lot of polls show this.

Now it seems also, and maybe we can discuss this in a few moments, some kind of a parallel process has been going on in the rest of the country. Many people I think are tired of listening to Québec politicians and others whining and complaining and never being satisfied with whatever deal is offered to them. Many are simply indifferent. Whatever happens, if Québecers decide to go, let them go. If they decide to stay, let them stay. They don't care. Of course, Canada is changing a lot. Economic power is changing. Our population is now more diversified from a religious standpoint and demographic standpoint than ever. This idea of Canada as founded by two peoples is still there but much less important for all Canadians than it was before.

In a way some people are starting to think in Québec and outside the province that we're moving in the direction of separation de facto. No one has voted for that, but if, for instance, Canada is led by a government whose policies are not only unpopular in Québec, but also that has a very weak Québec representation, it again encourages many Québecers to think that this is not our government. We don't really care what they're doing as long as they let us do what we want to do. Québecers participate much less than they used to in the building and evolution of the country and don't really have or even want a word to say about how we deal with this difficult balance between our natural resources and the wealth they bring and the protection of our environment. Well, if Québecers are not part of the game, we lose as a country. I think certainly

Québecers lose, but also we encourage this feeling, mutual feeling, that we're together but we don't really care about each other. I think that process makes us weaker and poorer because every time people from different cultures try to build things together, it makes them stronger. Besides, from a political standpoint, when a future crisis arises, as it will inevitably at one point, it makes the alliance much weaker.

Imagine a third referendum, and as I said I don't think there is one in the cards, but who knows? Imagine this referendum tomorrow. Who would speak for Canada in Québec? Jean Charest is gone and not very popular besides. You'd have Mrs. Marois on the "yes" side with a long list of intellectuals and artists and very popular and brilliant people who have thought and written and made movies about Québec as the future great country and participant in the world. On the other side you would have Stephen Harper. You can be an admirer or not, but obviously Stephen Harper would not be the one who can convince Québecers to stay in Canada. You would have Christian Paradis, a very nice guy, but he's no Jean Chretien. He's no Pierre Elliott Trudeau either. Maybe Justin Trudeau, but I hope if there is a referendum it won't be tomorrow so we can give him a bit more time to mature a little bit.

What I'm saying really, and I don't want to be nasty towards these people who have their merits, but certainly the federalist and Canadian voice in Québec has never been weaker than it is today. It's true that separatists are not at the same level of popularity and brilliance than when Lucien Bouchard was there or René Lévesque, but their adversary is much, much weaker than it was at that time. I remember being a young Québecer, a young journalist Québecer, covering one night a speech by Pierre Elliott Trudeau and the other night one by René Lévesque. Whatever their ideas, you could not be anything else but struck by how brilliant and charismatic these men were. It made for a very difficult choice for many Québecers who thought maybe it was a chance to increase Québec's power of negotiation and so on, because you have not only a quality intellectual debate but you also have a lot of emotion on both sides. I'm not sure the scene could be repeated today if we had this.

I don't want to talk necessarily about the risk of separation, because I think whatever happens to the PQ and eventual referendum, even if the Liberals are re-elected tomorrow morning in Québec, this issue of a rift that is increasingly widening between Québec and the rest of the country makes us weaker. I think we, as Canadians, even though we are tired of these debates about Québec and the constitution and whatever, have a duty to try to bridge the gap between Québec and the rest of the country.

Now what can we do? As I said at the start, I'm not a politician. I'm not a business person. All I can do is write and write articles and books and hope that one or two people read them and find them interesting. I believe in the power of ideas so I and many others in Québec decided a few years ago to increase the level of federal discourse in Québec and Canadian discourse in Québec. We created a very small think tank called "The Federal Idea." You have a little documentation on your table. What we're trying to do is create a space where Québecers who believe in Canada can discuss things, because it's very surprising to meet people who believe in Canada and Québec but don't want to be identified as federalists, because it's become such a taboo or unpopular word. We decided to create a space where people would be comfortable discussing and exchanging ideas, and also to rehabilitate the word "federalist." This is not only in Québec. I think that the rest of the country tends to think that federalism is a very cumbersome system of government, complicated. Wouldn't it be much simpler if we had one national government, maybe provincial governments, but not very strong, and it would be a more united country. I think we have to rehabilitate federalism as such. Federalism is not dull. It is a system of government that's very complicated. It's like any other system of government. It starts with ideas and principles and values. When you look at the principles and values that underpin federalism, you realize that these values, these principles of tolerance and diversity, are working together so people can reach common goals and yet respect every group's autonomy and diversity. This is more pertinent today than in Pierre Trudeau's time. If you look at the crisis in Europe, you realize that what they lack is federalism, and that every kind of solution they are looking at, even though they don't want to say the word too loud, is a federal solution.

We're trying in our small way. For instance, we publish different studies on federalism in Canada, in the world. I want to give you an example of how that can be useful. Every provincial political party in Québec now believes, even the Liberal Party, that Ottawa should give the provincial government of Québec all powers in the field of support for the arts. That means the National Film Board would be split and you would have a Québec Film Board with money coming from the federal government. The Council of the Arts would be separated, and you would have a Québec part with some funding transferred from Ottawa. Instinctively if you ask Québecers whether they think that culture should be an exclusive provincial jurisdiction, people say culture, language, French, of course. Québec should think about it twice. If you ask Québec artists, even separatists, they will tell you that they enjoy very much having another door they can knock on. If the Québec government said it would not subsidize their play or their exhibition, they like to have other doors, even though they're called Canada doors. They like to have other doors. It's the same in all federations.

If you look at the budget, you realize that the federal government gives Québec artists and cultural institutions 33 per cent of the national budget in support of the arts. Obviously if the Québec government eventually convinced Ottawa to abandon all jurisdiction for culture, it would transfer back 23 per cent of that money, not 33 per cent. The Québec provincial parties would say, "No, no, no, no! We want thirty-three per cent of the money." I don't think that will work.

The Federal Idea had very respected university professors, experts in the field of support for the arts, publish a study that had a lot of media impact, explaining how it worked in Canada from the budget standpoint, from a cultural diversity standpoint, how even Québec artists thought that it was a good thing to have many doors to knock on, and how other federations in the world dealt with these issues of what is the best national strategy to support the arts when you're in a federation, whether it's Germany or the United States. We've published many such documents. We've organized conferences. We've built links with other organizations. Instead of trying to build a new Canadian Council for Unity that existed before, we've decided to work with other organizations and universities across the country. With the Mowat Centre here in Toronto and the Canada West Foundation we organize events together. We're still every small, and that's why that flyer is on your table, because we need any kind of support you can give us. More so, I think, we have to try to learn to rebuild or to reestablish a dialogue between Québecers and other Canadians. When I say this, people say, "You want to talk constitution again?" No, no, no, that's not what I'm saying. I'm just saying, I know it's difficult to do, but let's forget the last 40 years. Obviously if we start from what we tried for the last 40 years, we'll end up at the same place, which is an impasse. We have a country that is a great country that obviously has a lot of challenges, and we're certainly better off if we work on these issues together than each on our own side.

The PQ victory certainly reminds us that separatism is not dead, that this issue will not go away. We may find that very frustrating, but it's not surprising really. We all wish that the country would work without quarrels between provinces and regions and so on. That's not the standard for the success of a federation. A federation is not somewhere where you have no conflicts or no quarrels. A federation is an organization that permits diverse groups to work together and manage those differences in a peaceful and productive way. The standard for a well-working federation is not the disappearance of quarrels, but how you manage them peacefully and productively. By that standard, Canada's an extraordinary success.

We have to work at it. That's also part of what a federation is. We have to work at it every day, even though we're tired. That's the answer I get from many people when I talk about what we're trying to do and what I personally and many others in Québec are trying to do. They're tired. Well once you get tired eventually you lose your country. Because separatists are not tired, or if they are so, they are certainly not showing it at all. They are working, and if they're in power today, it's not because they're mean or whatever. It's because they work at it. They believe in their idea. Even though they've had very difficult times and two very difficult losses, they still believe that their idea is the best one for Québec. They will work at it. They will do all they think legally and democratically is necessary to win. That means that on the other side, we can't just say, "Well, okay, we'll see if one day there's a referendum and then we'll start working on it." That's what we tried in 1995 and we know what happened.

A couple of months ago when I talked about our project to people in the rest of the country many said, "Well, this is all finished. With the PQ, that's finished." Well the PQ is not finished. There may not be a referendum, but who knows? I think we should work at it. We all have a duty as Canadians to do that. I think we certainly have a better chance of succeeding as a country whatever happens to the separatists and so on if Québecers and Canadians from other regions reestablish some kind of dialogue on the common problems that we're facing. I don't have to talk too much about those problems. I think for instance of energy. When you look at the question of pipelines in the West, the oil companies are now looking at maybe reversing some of those pipelines. If oil cannot be exported to Asia, it will be exported through Québec and the Maritimes. That's a national importance issue and if we don't establish some kind of dialogue on a national energy policy, I'm not talking about the program here but a national energy policy, if Québecers are not part of that dialogue with other Canadians, we'll lose as a country.

I just want to thank you for your patience. Let's begin the dialogue. I hope there's time and interest for questions and comments. Thank you very much.

The appreciation of the meeting was expressed by Gordon McIvor, President, Alliance Francaise de Toronto, and Consultant, The World Bank, and Director, The Empire Club of Canada.

October 29, 2012

Anne Sado

President, George Brown College

TORONTO NEXT: RETURN ON INNOVATION

Chairman: **M.J. Perry**
Director, The Empire Club of Canada

Head Table Guests

Jagmeet Sra, Student, Martingrove Collegiate; Reverend Neil Thomsen, Reformation Lutheran Church; Carlos Paz-Soldan, Tenet Computer Group Inc., and Chair, Innovation Advisory Board, George Brown College Office of Research and Innovation; Cheryl Jensen, Vice-President, Academic, Mohawk College; Verity Sylvester, Managing Director, CV Management, and Past President, The Empire Club of Canada; Linda Franklin, President and CEO, Colleges Ontario; Peter Catford, CEO, HInext Inc., and Past-Chair of the Innovation Advisory Board, George Brown College Office of Research and Innovation; and Ted Griffith, Senior Vice-President, Apex Public Relations Inc., and Director, The Empire Club of Canada.

Introduction by M.J. Perry

It is my honour to introduce to you our speaker for today—Anne Sado, President of George Brown College. Anne can be described as a hometown girl who made very good. Educated at the University of Toronto she earned a Bachelor of Applied Science in Industrial

Engineering and an MBA and has been an indomitable force ever since. Throughout her life Anne has been an industrious and creative force benefiting the worlds of industry, education and the not-for-profit sector.

Her employment history includes more than two decades at Bell Canada in various capacities capping her time there with an appointment as Senior Vice-President of Business Processes and Operational Effectiveness in 2000, where she championed new customer-service initiatives and supported company goals with significant earnings improvements.

In 2004 she accepted the position of President at George Brown College. Her focus in education has been on cultivating the development of a work force with the right balance of skills for the knowledge economy, innovation in learning, and providing the tools for transition to new Canadians so they can enter productive careers that will drive economic growth. She lives these educational ideals. As someone who has been invited to teach at George Brown on occasion, I can speak to a collegial environment that encourages an open and free-flowing exchange of ideas and dreams that can enhance the learning experience of students. Within the educational framework, President Sado is a strong advocate of experiential learning, emphasizing the importance of deepening partnerships with industry across the Greater Toronto Area.

Her impact on the vision, direction and culture of the college has resulted in significant growth at George Brown, and in a wider framework she has activated a critical public discussion on the value of college education in Ontario's economic development. This year Anne has been recognized as one of YWCA's Women of Distinction in Education, but that is only the most recent of her many honours, that include the Women's Executive Network recognition as one of Canada's Most Powerful Women of 2010. She was inducted into the University of Toronto's Engineering Hall of Distinction in 2010 and awarded the Ontario Professional Engineers Gold Medal in 2007. She has also received the Queens Golden Jubilee Medal for her work with the YWCA of Greater Toronto, the Professional Engineers Ontario Citizenship Award for contributions to her community, and an Arbor Award from the University of Toronto. She was also awarded a Doctor of Laws, honoris causa, from the University of Toronto in June 2011.

Anne's commitment to serving her community is also laudable. She is Chair of the Board of Orion and Past Chair of Trillium Health Centre. She currently sits on the boards of organizations such as the Toronto Board of Trade, Legacy Private Trust and the Toronto Financial Service Alliance. She is a past Chair of Colleges Ontario's

Committee of Presidents and served as a board member of the YWCA of Greater Toronto, Junior Achievement and the Canadian Hearing Society Foundation. This combination of professional and volunteer experiences has given her a variety of perspectives on the social and economic challenges facing the GTA.

Anne Sado

Good afternoon ladies and gentlemen and my personal thanks to the Empire Club of Canada for providing me with this opportunity to speak about innovation. It's a topic near and dear to my heart, as well as those of my colleagues at George Brown College.

Most of us now know that in terms of innovation Canada has fallen behind most other developed nations. The Conference Board of Canada, in fact, ranks us as fourteenth out of 17 countries with an average grade of "D" across such key indicators as patents by population, export market share in areas such as aerospace, office technology, and pharmaceuticals, and in both the number and intensity of high-technology manufacturing.

Just a year ago, Ontario's Task Force on Competitiveness, Productivity and Economic Progress—an arm's length government advisory group that reports directly to the public—published a report that quantifiably demonstrated that in per-capita GDP, measured in comparison to 16 other large states and provinces in North America, Ontario ranked fifteenth.

The Task Force showed us that in 2010 our per-capita GDP was $46,500 per person. Now compare that to the state of New York. Our neighbours just across Lake Ontario are ranked number one at $71,200 per capita.

Perhaps it's the "city that never sleeps" attitude that permeates the state but this we can say with certainty: New Yorkers one Great Lake away are 60-per-cent more productive than their Ontario counterparts.

We need to ask ourselves some hard questions about why this is so and what it means to our economy.

I don't think any of us in this room are not concerned. We all have skin in this game. When you combine our lower level of productivity with what is fast becoming Canada's less than stellar reputation for innovation, all of us are experiencing a direct hit as a result of this underperformance.

A lack of innovation combined with lower productivity is a significant problem for everyone—especially in Ontario. No amount of handwringing will solve it. No amount of cheerleading should make us believe we are doing better than what we really are. And no amount of naysaying should stop us from tackling this problem head on.

Money doesn't seem too great a barrier. We're just too risk-averse to invest it. That's what the Bank of Canada Governor, Mark Carney, seems to think. In an historic speech to the Canadian Auto Workers Union this summer, he said that company directors are sitting on their money, when they should be either putting it to work or returning it to shareholders. Carney was speaking of more than $550 billion in what he referred to as "dead money," up from almost $200 billion from the same period in 2009 when Canada was just emerging from the recession.

Our federal finance minister, Jim Flaherty, is also urging Canadian businesses to invest and he is specific about where—in research and development, on innovation to improve productivity and on expansion into new markets.

On the other side of the issue, the naysayers are starting to pile on.

Globe and Mail columnist Jeffrey Simpson wonders if any of this government push for innovation will pay off. He bemoans companies like Microsoft which, of course, sells its products everywhere in Canada, hires lots of talent from Canadian colleges and universities, but spends little if any money on research and development here.

So topical is our nation's lack of investment that it was featured as a full-page story in a recent issue of The

Economist. In that story, a Canadian economist compared urging companies to invest more and faster was like people who honk at the car in front of them in a traffic jam. He called it ineffective and at best annoying.

What both The Economist and Jeffrey Simpson were demonstrating, however, was that the time for cheerleading is over. We need not tell people what to do, but show them how to do it. We need to lead by example, not words, and we have to stop treating innovation like it's some magic formula that someone, sometime, might happen to stumble upon.

George Brown College has a bias for action and today I'd like to share some of what we've done to address the problem of innovation and what we are going to do in the future.

If there is a single message for you to take away from my presentation today it is this: George Brown College is committed to playing a major role in preparing the next generation of innovators to help GTA businesses take advantage of this new steady stream of hard-working, highly engaged, and ready-to-add-value work force. And we are ready, willing and able to help GTA employers prepare for these new employees and in the process become more innovative and productive.

So let me start with the results of a comprehensive George Brown College research study. It's called Toronto Next: Return on Innovation.

For this report we surveyed a wide cross-section of GTA employers, including small, medium, and large enterprises across multiple sectors. Its purpose was to help us at George Brown and the business sector at large to better understand what was driving innovation in our own backyard. Not in just Canada, not in just Ontario, but right here in the place where we live and work—the GTA.

Through this study we have learned how to apply some important lessons we all know about innovation, and how to apply this to what we do best—preparing graduates to enter the work force ready and willing to help companies increase productivity. Over the next several minutes I will share with you what we learned about how industries define innovation, what it means to their businesses, and how George Brown can be an enabler of the innovation economy.

For our study, we reached out to over 300 businesses in the GTA. Our goal was to better understand how they defined innovation and its role in their organization. We also asked them about the value they placed on innovation and what kind of return on investment they looked for. And, as I will discuss a little later, we asked them to tell us what barriers were preventing them from making these investments.

There were many reasons for us to want to know all this, but the primary importance was to help us keep our curriculum up to date. We want to ensure that our students can graduate with a stronger capability for innovation and offer their employers the essential skills that meet their needs. As a key partner for businesses in the GTA, it is our job—and that of every college in Ontario—to ensure that our graduates can hit the ground running when they graduate.

In short, the more we know about how employers think, the better job we can do in preparing our students to be their future employees.

What we found was not so much what was driving innovation, but what was not. We discovered that most often the greatest barrier to innovation was the unwillingness of our businesses to invest in it.

Our research also told us that GTA businesses were more interested in productivity than innovation or creativity and what came as a real surprise to me was that business people did not accept that innovation could make us more productive.

How do GTA employers define innovation? I'd like you to ask yourself that question right now.

Keep that answer in your head. We at George Brown define innovation as not invention, but the process of creating social or economic value from something that already exists. Think of the concept of iteration—a process of continuous improvement.

Employers, however, defined it differently. See if you agree with them. The key word they told us was the word "new" as in new ideas, new things, new ways, new products or new technology.

Without prompting, GTA employers told us that innovation could primarily be defined in four different ways.

- One: creating new services, products, or processes;
- Two: keeping up, staying ahead on the new technology, or ideas;
- Three: new ways of doing things, improving existing services or processes; and
- Four: out-of-the-box and creative thinking.

All of these are valid ways in which businesses can maintain a competitive edge in today's global economy. But what is surprising to us is the difficulty many of those we surveyed had in linking innovation to productivity.

We also talked to these same employers about productivity—the highest possible output while maximizing input. And here, we found some particularly enlightening results.

For GTA employers, productivity is much more important than innovation. And second—perhaps most importantly—these businesses are not seeing the value of investments in new technologies and equipment, skills training and R&D partnership in sparking their innovation. So by extension, these businesses are also not seeing the value of these key strategic investments in enhancing their productivity.

Our research tells us that GTA business people do not see investments in innovation as a pathway to what they value most and that is productivity.

Our report is one way that we at George Brown are helping employers and our students, their future employees, to make this connection. It is, however, going to be a challenge.

On one hand, we have reputable, influential voices such as Governor Carney and Minister Flaherty aggressively urging businesses to invest in new technologies, skills training, development of new products and fostering R and D partnerships as key ingredients for improved productivity.

On the other hand, the research we're releasing today is telling us that 50 per cent of GTA business leaders perceive a modest or no tangible return on these very investments.

Here's the really telling fact. Half of the people we spoke to believed that it was not businesses themselves that bore the primary responsibility for investing in innovation, but government. Just 21 per cent felt that such responsibility fell on their own shoulders. And, the larger the company, the more likely that company believed that it was government that should be making these investments. For us it was interesting that 16 per cent felt that post-secondary education should lead the way.

Clearly, the overwhelming opinion of the business community was that other people are primarily responsible for investing in innovation.

Is it our aversion to risk that is leading many to believe government is Canada's best "venture capitalist"? I can't say. But I do know that one cannot improve anything unless one takes responsibility for it. Declaring something to be "someone else's" problem has never solved anything.

We need to collectively accept this responsibility and work together to link investment in new technology, R&D

and skills to our long-term productivity and competitiveness. We need to encourage businesses to put innovation at the core of their business strategy.

One of the ironies we found is that when we asked business leaders to name a current and successful innovator in the GTA, more than half could not name one. And of those people who did, the company named most often was Apple. Last time I checked Apple was not a GTA company, though I am sure my friends at the Board of Trade would welcome it with open arms.

We at George Brown College do know many of the successful innovators in the GTA. We work with dozens of them and have collaborated with many of them on their innovation initiatives. I'm very pleased that some of our partners are with us today.

I'm pleased the President and Founder of Tenet Computer Group, Carlos Paz-Soldan, was with me at the head table this morning.

Tenet has been in business since 1984, providing information technology solutions for governments, hospitals and corporations. The company has developed an emergency preparedness solution to mobile devices. This is an application—called PINPOINT—that allows a health-care provider to rapidly disseminate information related to fast-breaking public crises using the Blackberry pin.

We helped the company with initial assessment runs at our School of Emergency Management. Leveraging government grants designed to enable colleges to support private-sector innovation, we worked with Tenet to test and refine Pinpoint, notably through emergency simulations at Bridgepoint Health.

Working together, we helped link Tenet to our faculty and students, our emergency management simulation facilities, funding, and our partner network. The result is a true Canadian success story using a Canadian invention, the Blackberry, to address real and important scenarios that require emergency responses in a health-care setting.

It is this ability to leverage our faculty, researchers, students and facilities to test ideas, refine these ideas, and lets us help companies create real economic and social value.

Let me return to the results of our study for a moment.

It told us that only about a third of GTA employers were aware of the opportunity for R&D partnership with any post-secondary school institution. A far lower number were aware of any opportunities to partner with George Brown.

Of course, part of that is surely on us to let potential partners know that we are available as a resource. In fact it's one of the reasons I am speaking to you today.

But as we know, one of the primary reasons for not investing in innovation is not an aversion to working with a college or university; it's an aversion to risk. That's no doubt a key reason businesses tend to think that innovation leadership is somebody else's responsibility.

But there was something else in the results of our study that surprised me. Small businesses tended to be more risk-averse than their mid to large counterparts. We discovered this by presenting businesses with a premise to consider.

We asked that if an investment in innovation would increase the long-term profitability of their businesses but reduce profits in the short-term, would they be likely to invest? For mid to large businesses, 36 per cent told us they would invest, that they were very likely to invest, actually. Not an inspiring number.

Yet, for small businesses in the region, that answer dropped even lower by a third to just 24 per cent.

So back to our bias for action. Let me show you how we at George Brown College plan to be part of the solution and how we need to work together with our colleagues in business, the public sector and government to crack this nut.

In terms of innovation and productivity, the role of George Brown College and our fellow Ontario colleges is two-fold.

First, our most natural responsibility is our commitment to develop the talent pool of available employees for employers, ensuring that they not only understand innovation and productivity and the relationship between them, but also that they have the skills to put this understanding to work right away.

And second, as I mentioned, is to help GTA businesses become more innovative and productive through collaborative initiatives—providing access to other innovators, instructors, and physical resources.

Another example I want to provide you with is called Infonaut, and it's another small Toronto-based health-technology company. Infonaut is working with the University Health Network to test its new, real-time disease surveillance system technology. They call it Hospital Watch Live.

If you look back to the time of the SARS outbreak, you know how quickly a disease can travel through not only one health-care setting, but through multiple sites. Infonaut's technology was developed to address this issue—to not only help reduce hospital-acquired infection, but also to save lives and reduce the strain hospital-acquired infections put on our already taxed health system. If there is one area of our economy in need of innovation it is health care.

What was our role? Well, before the Ministry of Health would allow this technology to be tested in a hospital, it wanted it tested as it would with any new medical device. George Brown College has a simulated practice centre where we teach and train future health-care workers. We also have advanced prototyping facilities, where we helped Infonaut refine and build hardware and software for its Hospital Watch Live system.

Working with Infonaut, we were able to help successfully develop and test its technology to the point where this technology is now undergoing real-world hospital testing.

This exercise in true innovation required the coordination and collaboration of many different departments of our college. We not only provided access to highly qualified students and prototyping and simulation environments, we also helped to secure more than $180,000 in funding from federal and provincial government sources. This was matched by Infonaut in an effort to help it get its product to market.

The scope and degree of our collaborations with GTA universities, hospitals, boards of trade and professional associations is perhaps the least told story about George Brown. Our local universities turn to George Brown to help them take their thinking to the commercialization stage because they know we do that better than most. It is this complementarity in working together that lets us help industry get products to market, and also helps scientists in our world-leading research labs to do the same thing.

We're also collaborating with the Toronto Financial Services Alliance in developing an innovative cluster strategy to capitalize on our growing credentials in this area. In fact, there are very few GTA organizations and institutions that haven't been touched by our college in some way.

To conclude, my colleagues and I at George Brown believe that this is a serious and significant problem for the short- and long-term competitiveness of the GTA economy. Solutions are going to require concerted collaboration between industry and post-secondary institutions. George Brown has specific responsibilities to advance our innovation potential beginning with partnerships with GTA employers that link them to funding, human capital, state-of-the-art research facilities and access to markets, but above all else we have a fundamental commitment to commercialization.

We do this as part of our core curriculum and, in addition, our Office of Applied Research and Innovation has helped countless entrepreneurial ventures go from concept to invoice in the last four years. We need to build greater awareness among employers of these collaborative opportunities.

So, please come to us with your challenges and ideas, big and small, about what you would like to achieve if only you had some additional help. As I said, George Brown College has a bias towards action.

Not only can we connect you with people, processes, and innovators, we can often connect business leaders with additional financial resources to fund these initiatives. This includes working with companies and public-sector organizations to facilitate speed to market, to foster innovation and entrepreneurship with our partners, and importantly, in our graduates.

The report we are publishing today validates our mandate to ensure we demonstrate the connection between innovation and productivity with our students, develop the talent needed for a more innovative economy, and continue to encourage greater risk acceptance as they enter the work force and consider their own entrepreneurial ventures.

It is my opinion that the GTA does not have an innovation problem. It has an innovation opportunity.

Now is not the time to squirrel away our money for a rainy day. It is time to invest in better umbrellas.

We at George Brown are committed to working with the current and next generation of innovators to take advantage of this opportunity and we invite you to become one of them.

Thank you.

The appreciation of the meeting was expressed by Ted Griffith, Senior Vice-President, Apex Public Relations Inc., and Director, The Empire Club of Canada.

November 2, 2012

Jeffrey C. Lozon

President and CEO, Revera Inc.

A NEW VIEW ON AGEISM: EXPLORING THE SOCIAL, POLICY AND BUSINESS IMPLICATIONS FOR AN AGING CANADA

Chairman: **Verity Sylvester**
Past President, The Empire Club of Canada

Head Table Guests

Beverly Allen, Publisher, Hardlines Home Improvement Industry, and Director, The Empire Club of Canada; Maxwell Stein, Student, Greenwood College School; M.J. Perry, Vice-President and Owner, Mr. Discount Ltd., and Director, The Empire Club of Canada; Dr. Jane Barratt, Secretary General, International Federation on Ageing; Paul Cantor, Chair of the Board, Revera Inc., and Senior Advisor, Bennett Jones; Greg Shaw, Director, International and Corporate Relations, International Federation on Ageing; Debbie Benczkowski, COO, Alzheimer Society of Canada; and Alex Squires, Managing Partner, Brant Securities Ltd., and Director, The Empire Club of Canada.

Introduction by Verity Sylvester

It is now my delight and pleasure to introduce Jeffrey Lozon, President, Chief Executive Officer and a Director of Revera Inc.

Over the past few days I have taken note of the vast amount of information on Canada becoming a nation of the aging and the very young.

Statistics lead to the Canadian population aging more rapidly than ever before. The population of those over the age of 65 has surged to nearly five million over the past five years and growing faster than any other group—a trend that is poised to take on momentum. With these statistics comes the fear of an increase in health care, a work force that is aging, and an ever-increasing rate and a shrinking net worth for young Canadians.

Mr. Lozon is living in this world of statistical concerns and negative attitudes everyday as President of Revera Inc, a leader in seniors' accommodation and care.

Prior to his position at Revera, Mr. Lozon held a 17-year tenure as President and CEO of St. Michael's Hospital in Toronto. During his time at St. Michael's, he was seconded to the position of Deputy Minister of Health and Long-term Care for the province of Ontario. In addition, he served as the Vice-Chair for Canada Health Infoway and the founding Chair of the Canadian Partnership Against Cancer.

In December 2009, Mr. Lozon was appointed a Member of the Order of Canada for his innovative and sustained leadership in health-care management and for having advanced patient care, most notably at St. Michael's.

Mr. Lozon has held faculty positions at the University of Toronto, the University of Alberta and the University of Saskatchewan. He holds an honorary Doctor of Civil Laws from Bishops University, a certificate from the senior executive program of the Stanford University School of Business, a Masters of Health Services Administration from the University of Alberta, and an Honours BA from the University of Guelph.

Ladies and gentlemen, please join me in welcoming Mr. Jeffrey Lozon.

Jeffrey Lozon

Thank you Verity. It's been 12 years since I've spoken to the Empire Club. This year, the Empire Club is 109 years old. This is an impossibly old age by human standards. Or at least it used to be.

Because the fact is, if you're a baby girl born this morning in Tokyo, your chances of living to the age of 100 are now one in two.

We're not there. Yet. But life expectancy at birth today is now over 80 in some 33 countries—including Canada, where it's close to 81.

Canadians are also living much longer and in greater numbers than ever. But our living longer is no guarantee of living better. Growing old can mean growing frail and ill and even destitute.

True, we have a good health-care system and a growing elder-care system. The latter involves retirement homes, home care and long-term care facilities. Retirement home communities are privately operated, geared to people who can live independently and can choose from a number of different services, including health care. Home care is as it sounds: you live at home and the care comes to you, often delivered by nurses and personal support workers and paid for either privately or by the government. Long-term care is government-funded and regulated and offers 24-hour-a-day nursing and health care.

There's much to praise about our elder-care system and we have much to be proud of, particularly the hundreds of thousands of workers who provide care and service across Canada to older adults with compassion and love. But a series of systemic challenges—burgeoning boomers, rising health-care costs, cash-strapped governments, and outdated thinking around the meaning of "being old"—have conspired to make the prospects for our old age dimmer when they should be brighter.

We can make them brighter if we are bold and thoughtful.

But there's another issue that's bigger than the ones I've mentioned and it's powerful enough to push older Canadians further out on the margins of society, and harmful enough to diminish the prospects for our economy, our civility and our gross national happiness.

I'm talking about the growing problem of ageism. Ageism is a problem of perspective. In fact, I view the major impediment to our dealing successfully with aging is found not so much in government funding formulas or miracle drugs, but in our perspective on aging. That view frankly is filled with bias, ignorance and arrogance.

The Ontario Human Rights Commission defines ageism as "a socially constructed way of thinking about older persons based on negative attitudes and stereotypes about aging." In other words, it's stereotyping people based on their age. The reality is that ageism is the most widely experienced and most tolerated form of social discrimination in Canada today. It is the same for Europe and America. No one in this room would discriminate openly against someone because of their race, colour, creed, religion or sexual preference. Yet we feel oddly free to discriminate openly because someone is old.

When an older person can't remember a name quickly, it's impending dementia for sure! Or we equate someone elderly who's walking slowly with thinking slowly. It's almost a given that we talk about old age as a time of failing powers and rising misery.

But the fact is in study after study, people grow happier as they grow older and our oldest generation is invariably our happiest. Given the disparity between how our older citizens feel about life and how those who are younger sometimes feel about them, it's no surprise ageism has a detrimental impact on performance and productivity—at work and at home.

But the real harm—the deep deep hurt of discrimination on the basis of age—is that it limits choice.

It limits choice.

When it comes to older Canadians, we suffer from a failure to recognize that older people want choice—choice in how they spend their time and money, choice in how they're cared for and how they pay for that care, and ultimately choice in how they will live the latter part of their lives. And what limits that choice is not just policies and practices, but the attitudes that drive those policies and practices.

Both last year and this, Revera conducted our own research on aging and ageism. We wanted to find out for ourselves if our impulses were correct around the power of ageism and how deeply it is embedded in our society.

We released the results of our most recent research this morning. We produced the Revera Report on Ageism in partnership with the International Federation on Aging and found that one in three Canadians admit they've treated someone differently because of their age. Nearly two-thirds of all seniors, 63 per cent, say they've been treated unfairly because of their age. And fully half of Canadians are prepared to admit that ageism is the most tolerated form of prejudice.

These numbers confirm what we'd learned in 2011 when we studied the aging experience and expectations of seniors. There is a serious social issue here.

I can almost guarantee that everyone in this room will enter old age at some time, and when you—or rather, we—do, I know we'll want all the choices and powers we can carry with us. This requires that our society offers choices and alternatives that our current society does not.

It's time for that to change, and it's up to us in this room to give the decision-makers—the elected and unelected officials, the business and social leaders, you and me—the information and support we need to change the prospects for Canada's fastest-growing group of citizens. I am in that group, a proud, card-carrying boomer. I feel like I can go to a Rolling Stones concert and bring down the average age of the attendees—if not the performers!

Let's not forget that boomers are the first generation in history that has real choice about how we spend our last 20 to 30 years. Unlike any previous generation and most other societies today, Canada's baby-boomers have the dollars, the battalions, the technology and our famed sense of entitlement to literally transform what it means to be old.

So how are we going to start that transformation?

Well, a good first step is to join in the common cause to attack ageism and redefine what it means to become old.

This is why I'm announcing today the launch of a campaign that will start to do that very thing.

We call this program Age Is More. Under that banner, Revera is challenging the negative attitudes and stereotypes facing seniors, and at the same time we're showcasing the contributions of older people across Canada. We're going to act as an information clearinghouse, as a social media facilitator, a connector and a bully pulpit for what we believe is the last negative "ism" left standing in Canada. Starting today you can learn more about this at www.ageismore.com.

I urge your organization to think of what active and effective measures it can take in order to put ageism at the forefront of your own stakeholders' attention. Because the good news is that we're finding that ageism is something that, just by bringing it to life, people are apt to say, "Oh, right," rather than "You're wrong."

Like most "isms," ageism also feeds off myths, so I want to highlight some of the most enduring myths around old age and elder care.

These myths have helped shape our view of old age as a giant funnel with choices diminishing the more you age. I believe the opposite and I hope to convince you that old age can be a giant supermarket filled with wonderful opportunities, but only if we start thinking of it that way.

The first myth is related to a field I know well—how we care for the elderly.

This myth says that long-term care facilities are bad places to live out your final days, that they hasten death and degrade the quality of life. That myth belies the fact that long-term facilities look after a large number of people, the vast majority of them exceptionally well. Like hospitals, they are highly regulated by the government. Like hospitals, they are all about improving their quality of care. There is always work to be done around quality of care, and we mustn't lose our focus on that for a second. Our company and our industry are devoted to that journey. That said, Ontario's long-term care residences are homes that provide compassionate care and comfort to thousands.

Another myth related to the first is that home care can totally replace long-term care. It would be wonderful if it could. But like most things around elder care and health care, it's complicated. So when we view older adults as all being the same, with exactly the same needs, that's a simple perspective failing to solve a complex issue. What it ends up doing is limiting choice and skewing policies. Older adults need choice that respects their preferences as individuals. The growth of home care does not negate the need for long-term care. Both offer alternatives that help seniors determine how, where, and when they receive care.

The sheer complexity of services offered through long-term care, home health and retirement communities means that…well, in Revera's case, our 30,000 employees look after more than 30,000 clients every day, and they have literally hundreds of thousands of interactions every day with those clients. All of our people practice compassion in everything they do. Indeed, while all of their clients are "old," many of our employees are old as well.

I'm not shy in saying this. I'm proud we have more and more seniors every year on our payroll.

On our staff are 21 Registered Nurses over the age of 70 and 26 Personal Support Workers over 70 and we're happy to attract people from this age group. Here with us today is Dorett Nelson a 64-year-old nurse from Main Street Terrace long-term care. We also have 65-year-old Herman Vickers who is a housekeeper at our Forest Hill retirement community. Not only do they have great skills and obvious experience, but they bring that crucial element of empathy to their work. They are not over 70 but if they want to be working with us until they are or beyond, we welcome that.

And it's not just our seniors who are helping others. In a few years, as the percentage of Canada's elderly population accelerates, the idea that we will spend more time taking care of our parents than they spent taking care of us will morph into another interesting twist: the fact that more seniors are not only receiving care, more of them are providing it too.

As we approach a U.S. election just four days from now, I'm reminded of the 1984 presidential debate between Walter Mondale and a much older Ronald Reagan. With a single sentence Reagan put to rest the fears that he was too old for the Oval Office. Said Reagan: "I want you to know that I will not make age an issue of this campaign. I am not going to exploit, for political purposes, my opponent's youth and inexperience."

So let me ask you, "Are the hiring practices in your organization tilted to favour the young over someone with decades more experience?" If so, why? There may be a good reason. Or there may be a bad one too. And what about aligning your rising number of older customers and clients with people in the same age group to serve them?

It's also tempting to think of ageism as a government issue or a social issue. But in many ways, ageism is also a business, productivity and economic issue as well. As Canada's largest generation retires, sometimes forcibly, with its positions filled by a much smaller generation, the math just doesn't work if older Canadians aren't encouraged to remain at work.

Another myth I want to puncture is that the senior-care industry is not innovative. I think this too finds its origins in ageism. Older people are slow and set in their ways, and so it follows that the industry that serves them is much the same.

It's true that many of the province's long-term care homes are old themselves. They need renovating, upgrading, and in many cases replacing. And we certainly need more of them. Yet despite this, innovation abounds, as it does in most every other industry.

Revera is partnering with the University of Toronto's TagLab, which creates and promotes new technologies to strengthen identity, autonomy, and community as people age.

This includes everything from large-print and talking e-books, to apps that combine location-sensing with memory-enhancing, to games seniors and their grandchildren can play together even though they're not in the same place or time-zone. And there's even a touch-screen photo frame that sends messages to a loved one's email saying: "I'm thinking of you."

Note that all of these examples involve being online. And that dispels another myth: that seniors either don't "get" technology or they don't have the focus to make it work for them. Who here isn't regularly baffled by some new technology?

According to a report Revera did recently on Tech-Savvy Seniors, there's a growing army of seniors who are flocking to technology to make their lives safer, more secure and meaningful. In 2000, only 5 per cent of these Canadians 75 and older were online. Today, that number has grown five-fold to 27 per cent, and 88 per cent of them go online at least once a day. Seniors are one of the fastest growing cohorts for technology adoption.

Today as well, many retirement communities have service standards and programming that match those of top-flight hotels. Many long-term care residences are being upgraded with an eye to making them feel more like home-away-from-home as well. What's more, all of us in the industry are embracing the principles of evidence-based design in many of these facilities. With direct input from our caregivers and particularly from our clients, we're all nipping and tucking our residences so they are more like home.

I remember my days as a Deputy Minister of Health. Back then heart disease was the biggest killer of Ontarians so it got all the attention and extra funding. I also remember when I was the CEO of a hospital it was cancer that got the attention and funding because cancer was devastating more families than any other disease.

Today, one of the things we're preparing for is Alzheimer's. The Alzheimer's Society of Canada estimates that nearly 750,000 Canadians today have Alzheimer's or a related dementia. By 2031, that number will double to 1.4 million. The financial consequences are huge. Today, the combined costs of dementia total $33 billion a year. By 2040, that figure will rise to an astounding and intolerable $293 billion per year.

Alzheimer's is underfunded and misunderstood by too many and grows increasingly lethal every year. I'm here to raise my hand and say that it's about time that dementia and Alzheimer's disease got the attention and funding they deserve. There are huge opportunities for advancement in research and care, and we should act now.

In fact, the Alzheimer's epidemic presents such a clear and present danger that in my opinion we need a national strategy on Alzheimer's—a response equal to the threat it poses to our health and our health-care systems. I ask you whether ageism plays a role in our slowness to act decisively and in a massive way. After all, this is an epidemic that, if it were our water system or our food chain, we would all be leaping into action to correct. Committed communities changed how we see HIV/AIDS. Perhaps we can do the same for Alzheimer's.

If people had to lie down because they were feeling weak, they would never say they're having a "cancer moment." But I've often heard that when someone forgets something they say they're having an Alzheimer's moment. That's ageism.

One defining quality of ageism, and it's true of every form of discrimination, is that people are viewed as groups and groups are viewed as having the exact same characteristics. So when we talk about the elderly, our minds often conjure up a single image and often of a frail person with nothing left to contribute.

Needless to say, Revera and others in our industry take a dramatically different view. The people we serve all come to us with different expectations. More and more of them come as well from different cultures. They live in one of the most diverse countries not only in the world, but in the history of the world. I believe we have an obligation to respect the very diversity of choice that makes that distinction possible. We can do more to offer an individually and culturally sensitive future.

So yes, we begin with the individual, not the group, but the individual, and work to help him or her live his or her life to the fullest.

We turn the telescope around and begin with the person and his or her needs. From this we then create communities that speak to the whole person.

It's tempting to think that wellness when you're 80 means one thing: you're not sick. But when we're 40, we all know wellness has a much broader definition. Because we believe you're just as much a person when you're 80 as when you're half that, we have developed a wellness model that has six parts. It starts with physical wellness, of course, but also includes emotional wellness, spiritual wellness, vocational wellness, intellectual wellness and, finally, social wellness.

So when one of our caregivers asks whether you are feeling well today, it's a more complex question than it first sounds. And we probe for more complex answers.

Preserving a sense of control and choice is crucial as we age. You might think moving your parents from home care to communal living would remove that control and choice.

Absolutely not.

Indeed, when people move into our homes from their own, our experience has shown that their physical and emotional health often improves. Perhaps the most important tool in maintaining mental alertness is social interaction. We have that in spades.

And when our seniors feel more alive, believe me, so do their adult children.

Finally this brings me to my last myth of aging: the government will be able to pay the whole shot for our elder health care.

How can a province that spent 32 cents of every dollar on health care in 1990, and 46 cents of every dollar on health care in 2000, and a decade from now is expected to spend 70 cents of every dollar on health care pay the huge extra margins of the care of the largest cohort of people in our nation's history? How can any provincial government be expected to pay for all this?

It can't. Especially when there will be fewer taxpayers in the generation following the Boomers, and much greater usage of the health-care system by the Boomers.

Jeffrey Simpson of the Globe and Mail wrote a book about our health-care system called Chronic Condition. He describes medicare as the third rail of Canadian politics. Touch it and you die.

But the plain fact is we all have to start talking about how we're going to pay for our elder health-care system, and particularly about paying for our health as we grow older. It's clear to anyone who can add that we can't ask government to pay the whole shot for our health care. Government can't pay, and it probably shouldn't, because that would mean providing a single standard with a monochromatic range of choices. And that's not how Canadians choose to live their lives.

What our conversations needs is what our health-care system needs. And that is choice.

There simply has to be a new sense of choice around products and services, living arrangements and health-care options that are going to be available for my generation that is growing old at record rates throughout the industrialized world. Those choices can't be limited to what the government defines as an acceptable range of services, though they should certainly include that list. They need to be a mix, with some offered by the government and some by the private sector.

It's no coincidence that the very thing older Canadians want most—more choice—is the same thing that will help reform the very systems that they will seek and need.

When I started preparing this speech, Dalton McGuinty was the Premier of Ontario. By the time I'd finished, he wasn't. But whoever leads the provincial government in the years to come needs to come to grips with the huge issues around the fastest-growing group of Ontario—voters!

And so let me end where I began, by talking about ageism.

I believe firmly that the greatest and most harmful by-product of ageism is the pernicious removal of choice.

Ageism does what any form of discrimination does. It removes choice, because it views everyone in a particular group as basically the same.

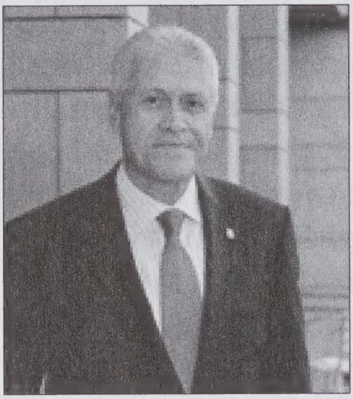
If we view everyone as part of a group and that group is not defined by their health or income or interests but by their age, and if growing old has been a slow, steady process of taking away someone's choices, whether through ill health, public policy or social perception, then growing old will absolutely be the funnel of diminishing choices I mentioned earlier.

But if we stamp out ageism and the attitudes and actions it fosters, then old age doesn't have to be that. It can well and truly be a supermarket. New technologies, age-friendly cities and businesses, intergenerational programs, new funding models, and regulatory reform can all contribute to a quality of living that today's boomers deserve, afford and enjoy.

As for that baby girl born this morning in Tokyo, it will be a while yet before one in two girls born in Toronto reaches 100. But while we're preparing for that inevitable moment, we should also be asking how we can help her and everyone in Canada do something few older Canadians can do today and that is to be able to choose from many different ways of making their latter years some of their best.

Thank you.

The appreciation of the meeting was expressed by Alex Squires, Managing Partner, Brant Securities Ltd., and Director, The Empire Club of Canada.



November 7, 2012

Dr. Mamdouh Shoukri

President and Vice-Chancellor, York University

IS EDUCATION CANADA'S NEXT GREAT EXPORT? OUR ROLE IN LIFTING GLOBAL COMPETITIVENESS

Chairman: **Robin Sears**
President, The Empire Club of Canada

Head Table Guests

Jennifer Bell, Vice-President, Communications and Content Management, TIFF, and Director, The Empire Club of Canada; Heather Nuttall, Student, Martingrove Collegiate Institute; Captain Daniel Saugh, QOR Regimental Chaplain; Julia Foster, Chair of the Board of Governors, York University; Kuttimol Kurian, CFO, Alpha Laboratories Inc.; Dr. C. Joseph Kurian, President and CEO, Alpha Laboratories Inc.; The Hon. R. Roy McMurtry, OC, OOnt, QC, Chancellor, York University; and Anetta Jewell, Partner, Great Lakes Brewing Co., and Director, The Empire Club of Canada.

Introduction by Robin Sears

He is uniquely well equipped to give us new insight on this rapidly evolving challenge. Mamdouh Shoukri's family roots were in Egypt, an ancient civilization, with deep respect for education and pride at being both a crossroads and centre of global cultural integration over 7,000 years.

In Canada he worked hard to become an impressive young engineer and teacher, one with a different vision of his profession's contribution to society from the beginning.

As Dean of Engineering at McMaster he made studies of the social impact of big engineering projects a requirement. He pioneered in helping engineers understand that beyond the numbers were human needs and fears. He was truly a pioneer as a teacher in his field.

Following his career at McMaster, which concluded with six years as their Vice-President of both Research and International Affairs, he was chosen to lead York University, whose president he has been since 2007. To those of you who follow university life, you know that leading York is the Mt. Everest of the Canadian Academy—though on many days I know it must feel like sitting on the top of a bubbling Mount Krakatoa.

It is an exceedingly tough job, which has defeated lesser leaders. It is an enormous school with a uniquely wide spectrum of students by aspiration, background and ethnicity. For nearly six years he has juggled the inherited conflicts with skill, transformed York's profile, launched and overseen massive fundraising and capital projects, and given his university community a new pride and conviction in its ability to compete at the top of the class internationally.

Mamdouh is a genuine scholar as well as academic leader.

He is a recognized global expert in multi-phase heat transfer and issues in nuclear reactor thermal-hydraulics within the field of thermo-fluid science. Got that?

He is also a committed community leader having served on the boards of agencies from Cancer Care Ontario to the Canadian Merit Scholarship Foundation, and too many provincial and academic governing bodies to list.

Dr. Shoukri believes deeply that Canada's universities have a huge contribution to make to the world, and in securing their role as global educators, providing Canada with a more solid competitive foundation in the world.

Ladies and gentlemen, I am proud to introduce to you, my friend, Mamdouh Shoukri.

Mamdouh Shoukri

Thank you and hello everyone. I am thrilled to be here at the Empire Club today.

Since I am expected to speak about international education and the internationalization of universities, I would be remiss if I didn't talk about my own journey to Canada—from international student to proud Canadian citizen.

Forty some odd years ago, my wife Susan and I arrived in Canada with a dream. We left our homeland of Egypt and everything that we had come to know and love in order to further pursue graduate education in Canada.

Speaking for myself, I was anxious, excited, and nervous about experiencing a new life away from family and friends, my normal support network. Like many international students, I remember when I arrived that there were many new things to discover. I knew nothing about hockey or baseball; in Egypt, we play soccer and squash.

But early on, Susan and I recognized that if we were going to succeed, we couldn't just focus on our academic studies; it was also important for us to engage in society. We were so enamoured by this new way of life—the democracy, the multiculturalism, the country as a whole—that we decided to stay.

In learning about the country, what I found of particular interest was Canada's history and its evolution into the country that it is today. When one looks at Canada's evolution, it becomes obvious that this country has maintained a high level of prosperity through the hard work of earlier generations and the abundance of natural resources with which Canada is blessed.

However, for the last couple of decades, the world has changed, as has Canada's ability to compete. The global economy is being driven primarily by knowledge and the opportunity to transform knowledge into services and products. Canada's ability to maintain current prosperity and competitiveness is closely linked to the nation's capacity to build a leading knowledge-based economy.

That's not to say that we are no longer a resource-rich country and that we should disregard our strengths in resources, but if we are to continue to compete, then we need to make a transition and become a leader in the world of knowledge.

A New World is Emerging

This incredible transformation of the world economy, which I believe will continue in the years to come, is having a significant impact on the education system in two ways.

First, the new economy is driven by knowledge and by knowledge workers. This in turn, is creating a world competition for knowledge workers, as well as an unprecedented demand from young people wanting to pursue a post-secondary education. As a result, this trend is creating pressures and opportunities for the post-secondary education system worldwide.

The second item has to do with the fact that global economies and markets have become interconnected, and indeed integrated, resulting in international partnerships and networks becoming central to future prosperity. This necessitated the need for future knowledge workers to be educated in a global context, thus driving the internationalization of universities.

Impact on Canadian Universities

For the Canadian education system, particularly Canadian universities and colleges, these developments have created both challenges and opportunities.

Let me start with the challenge.

We have to re-examine our offerings to ensure that our education system is capable of preparing the future knowledge workers, so that academically they have the necessary technical knowledge, while being socially and culturally able to function in such an interconnected world.

In fact, for a number of years Canadian universities have recognized the need to prepare students for a world that is undergoing a continuing process of integration and globalization.

As President of York University, I can tell you that education must prepare future citizens to think in both a global and a differential context, while being culturally able to work within the complexity of global context.

This has been reflected in growing activities in internationalization of curricula, student mobility, language instructions, international collaborative agreements involving student exchanges, joint research and even joint degree offerings with other universities worldwide. I believe the internationalization of Canadian universities and colleges is continuing in all aspects of university life. More importantly it is being driven by an obvious demand from students, as well as the recognition of the needs of society.

This trend was recognized in a statement on internationalization recently issued by the Association of Universities and Colleges of Canada or AUCC and which I helped to write. Of course, as I mentioned, with challenges also comes opportunity.

The opportunity is that international education represents a great opportunity for Canada and Canadian institutions. In the last couple of decades, we have witnessed an incredible growth in the demand for post-secondary education worldwide as a result of the economic growth in the new economies.

Emerging economies, particularly China, India, Southeast Asia and Latin America, continue to grow at an incredible rate creating demand for knowledge workers. Add to this their demographics with a younger population fueling an ever-growing need for post-secondary education opportunities. In spite of their best efforts to build new universities in these emerging countries, enrolment demands continue to outstrip available places by a significant margin.

Moreover, for young people in these emerging economies, studying in institutions in the developed economies continue to represent an unmatched opportunity for learning and for personal growth in a global context.

A 2010 OECD report (Education At A Glance) shows that the number of international students enrolled in universities outside their country of citizenship has risen from 1.7 million in 1995 to 3.5 million in 2008—a significant jump.

In the longer term, the trend will continue to be driven by the mismatch between local supply and ambitious demand and the desire by young international students to gain worldly experience in highly reputed institutions. In fact, by 2025, it is estimated that the number of international students studying outside their country of citizenship will reach eight million.

The potential represents a great opportunity for Canada and its academic institutions.

Opportunities in International Education

In the short term, international education represents a significant economic advantage for the host country.

In a 2009 report entitled “Economic Impact of International Education in Canada” by Roslyn Kunin and Associates for DFAIT (the Department of Foreign Affairs and International Trade), it was estimated that in 2008, international students in Canada spent in excess of $6.5 billion on tuition, accommodation and discretionary spending and created more than 83,000 jobs and more than $291 million in government revenue. I should add that expenditure by international students in Canada increased from $6.5 billion in 2008 to over $8 billion in 2010.

Let me try and put these figures in perspective.

Can you believe that the total amount that students spend in Canada is greater than our export of coniferous lumber, which is $5.1 billion, greater than our export of coal, which is $6.07 billion, or even helicopters and airplanes, which is $6.9 billion, to all other countries?

If we look at the value of educational services provided in Canada to international students in 2008, and compare it with the value of the more traditional goods that Canada exports to a given country, the impact for some countries is even more striking. In South Korea, for example, 22.1 per cent of the value of the goods it imports from Canada is spent on educational services. The ratio is 14.3 per cent for Saudi Arabia, 12.4 per cent for China and 9.3 per cent for India. The 2010 figures show that this relative significance of the trade impact increased significantly as of late for countries like India and Saudi Arabia.

Additional economic impact is also achieved from the direct export of Canadian education services abroad. This is achieved through the growing presence of Canadian schools, colleges and universities overseas. These institutions are offering Canadian programs, spreading Canadian values, and generating incredible goodwill towards Canada, as well as millions of dollars in revenue.

In the longer term, international education is playing, and will continue to play, a critical role in Canada's future competitiveness and prosperity. As I mentioned earlier, international exchanges, research partnerships and international students' participation in our institutions prepares our young Canadians with a tremendous opportunity to excel as future knowledge workers, and provides them with the necessary world perspective essential to succeed in a globally interconnected environment.

But moreover, training of international students greatly helps Canada in dealing with the worldwide competition for talent. Many studies have shown that the domestic talent pool in key areas of specialization like science, technology, engineering, health and math (the STEM subjects) is not sufficient. In addition, the demographic pressures from an aging population compound this problem. Currently, 75 per cent of Canada's growth in the work force already comes from immigration.

International students trained in Canada represent an excellent pool of highly qualified workers capable of meeting future labour market needs for an innovative knowledge-based economy.

International students choosing to stay in Canada will be able to address this talent shortage and integrate into Canadian society. Some may even end up staying to become university presidents!

Those choosing to return to their home countries will likely be great ambassadors for Canada, which in turn will support our efforts as a trading nation and build bridges and goodwill in other parts of the world. In this regard, it is easy to acknowledge the total alignment between the public-policy objectives on immigration and labour market needs, and the possible objectives of a well-articulated national policy on international education.

With that in mind, it is clear that international education is both a future economic growth sector and a critical sector for securing Canada's needs of future knowledge workers.

How Well are We Doing in Attracting International Students?

At the outset, let me say that Canada is blessed with outstanding universities and colleges. Academic excellence is uniformly acknowledged across the entire post-secondary education system in Canada. Canada is a peaceful and welcoming nation with almost no historic baggage in any part of the world. The multicultural nature of Canada is also a great asset in attracting foreign students.

Having experienced all these things myself many years ago, I don't think much has changed. I truly believe Canada is an ideal destination for young, aspiring, globally driven university applicants.

Unfortunately, our performance as a destination for international students does not reflect our true potential.

When one looks at the top-five countries receiving international students, it is not surprising to see among them countries like U.S.A., U.K. and France, for obvious reasons of size and history. Interestingly enough, the other two are Germany and even Australia!

Australia has been quite successful in attracting international students, having developed a national strategy on international education and a highly focused and integrated recruitment effort. In 2008, foreign students represented 21 per cent of the total enrolment in Australian universities.

Until recently, Canadian universities recognized the value of international education in certain fields.

As such, for decades we have always been interested in attracting international talent in areas of research and graduate education, particularly as it relates to science and technology. However, for the reasons discussed, the interest in international education has been growing for the last two decades across all university activities.

It is also important to note that as of late, other stakeholders, particularly governments, started to recognize the critical importance of international education and the recruitment of international talent. This is certainly reflected in a number of important studies and reports initiated by both the federal and provincial governments.

Let me refer to two recent reports.

The first was a 2011 report by our esteemed Dezsö Horváth, Dean of York's prestigious Schulich School of Business, which advised the government of Ontario on ways to fulfill its strategic objective of increasing the enrolment of international students by 50 per cent while maintaining space for Ontario students. The report acknowledges the critical importance of international recruitment to Ontario and the fierce global competition for talent. It also identifies current barriers for achieving the stated goal of the government and strategies for success.

The other report was produced by my good friend Amit Chakma, President and Vice-Chancellor of Western University, who was asked by DFAIT to chair an advisory panel on Canada's international education strategy. Their report, released this past August, made some important revelations and recommendations. The report confirmed what many of us in the post-secondary education sector already know—that Canada has the opportunity and the capacity for strong growth in attracting international students.

In their analysis, they claim that it is feasible to double the number of international students by 2022, while maintaining high-quality standards. They further recommended to actively seek cooperative arrangements to encourage Canadian students to spend time abroad either in a study, internship or service-learning experience.

It is in this context that I would argue that Ontario is poised to be at the forefront to lead that growth. It's a win-win-win—enriching the lives of students coming as well as the ones already here, while building a talent pool in Canada and global partnerships in the interest of prosperity.

The recognition of the importance of internationalization for universities has been reflected in strategic plans and policies of most Canadian universities and colleges in recent years. And perhaps more importantly, has been recently reflected in public policy. Let me give you a few examples.

In 2007, the government of Canada established an international education promotion initiative, EDU-CANADA, using DFAIT's network of embassies and offices abroad to promote education in Canada and support recruitment efforts by interested Canadian universities.

New initiatives by both levels of governments also resulted in the establishment of prestigious scholarships for foreign students and postdoctoral fellowships, like the Vanier Canada Graduate Scholarship, the Banting PD Fellowships, and the Ontario Trillium Scholarships.

Perhaps the most important federal policy change in support of the objectives of international education is the fact that foreign students now have the right to work while studying in Canada, and for as long as three years afterwards, and for the first time can apply for permanent residency from within Canada. I believe this is a great step in aligning immigration policies with future needs of Canada.

Now, before I talk about York University and what we are doing in relation to internationalization, I feel obliged to make a brief comment on some of the potential risks associated with massive recruitment of international students in order to ensure that we achieve the stated objectives.

Firstly, it is important to insist on the highest quality of international students recruited to Canada in terms of academic standards, communication skills, and genuine intentions.

Secondly, it is also equally important that our universities develop the infrastructure needed to give them the best potential for success in terms of counselling and opportunities for integration into Canadian life.

I can tell you that I was very fortunate to be associated with some fantastic people who took the time to mentor me in the early years.

Internationalization at York University

I cannot finish my talk today without sharing with you York's active agenda for internationalization. I sincerely believe that York is the leader among Canadian universities in internationalization. Internationalization is a core value at York and is identified in our York's strategic plan for 2010–2020 as a major priority.

Our strategic commitment to internationalization reflects our belief that an international perspective will help us maintain academic excellence, prepare future citizens for a more complex and interconnected world, and ensure continuing prominence for Canada in the world.

We know that if students are to succeed globally, they should not only become experts in their field of study but also experience the world firsthand and develop a sense of shared citizenship.

York offers the ideal environment for internationalization. We are one of Canada's largest and most multicultural universities, with a community of more than 65,000 students, faculty and staff who can trace their roots to more than 170 countries. As such, we represent a welcoming environment for students coming from all parts of the world.

An advantage to being so diverse is that York is able to offer an international curriculum that brings world perspectives into the classroom. We have excellent student mobility programs, funded international internships, and we provide innovative international degrees that combine regular majors with language study and courses with international content.

We offer these international degree programs, in which all students spend one semester attending an overseas university, in diverse fields of study like business, history, political science and science, to name a few.

We have more than 250 exchange programs with some of the major universities in the world for student and faculty exchange and for joint research. For example, York recently joined with universities in Berlin, New York and Toronto offering students the opportunity to be part of a new international PhD program in a number of fields of study. The program provides students with an invaluable opportunity to gain experience outside their own institutions.

Our very successful bridging programs are designed to help internationally trained professionals to update their knowledge and be ready for the Canadian work environment. They are part of our commitment to helping newcomers succeed. We continue to receive funding to provide various bridge-training programs in different fields, including health care, business and information technology.

Our faculty of health is offering a new bachelor degree in Global Health, positioning our university as a leader in Canada and internationally in the rapidly evolving global health field. A key component of this program involves a connection with international partners for co-delivery of course material.

We are also home to the only bilingual campus in southern Ontario, Glendon College, which offers programs in both English and French, and even Spanish. In fact, students can get a trilingual iBA. Glendon has been a great magnet for international students, and received an internationalization award from AUCC/Scotiabank for its annual student-run international symposium.

York's Schulich School of Business, ranked one of the world's top MBA schools, now has one of the best executive education programs for executives from around the world, including the U.S., China, Russia and Latin America.

In addition, India remains a priority country for us, since it brings a rich diversity to our campus and our classrooms. We are expanding in India. Our Schulich School of Business, which already offers its programs in Mumbai, is set to open a Hyderabad campus in the fall of 2013.

Our Asian Business and Management Program provides training for Chinese and Vietnamese government officials. In fact, we're one of only six Canadian universities with a license to do this training. We've had a coordinating office in Beijing since 2003 and in Shanghai since 2006.

In Southeast Asia, York was involved in the creation of a graduate management school that was a joint venture between Chulalongkorn University in Thailand, Kellogg Graduate School of Management and the Wharton School in the U.S., and Schulich.

We have increased our international enrolment from 2,983 in 2008–2009 to more than 4,000 in 2012–2013. While we are experiencing such an increase, we are mindful of ensuring that we offer them early opportunities for success by enhancing their language skills through our outstanding York University English Language Institute (YUELI).

YUELI is central to our international recruitment efforts. Its success in preparing international students for studying in Canadian universities has made it the destination of a significant number of international students who are attending other Canadian universities, as well as York.

York is participating in the activities of the Japan-Canada Academic Consortium, which is a bi-national group of universities formed to promote student exchange. A key activity is an annual Japan-Canada Forum (JACAC) that brings students from the 22 member institutions together for a week of activities focusing on a theme of interest to both countries. Our institution is looking forward to hosting the forum this coming February when students will consider "Current economic dynamics and challenges between Japan and Canada and the implications for the youth of today."

We are reaching out to the world, creating opportunities for collaboration.

I should add that York was an early signatory to the Magna Charta Observatory for Fundamental University Values and Rights, a non-profit organization founded by the University of Bologna and the European University Association.

We are reaching out to Brazil, where our Schulich School of Business has been engaged in executive training and we have many exchange agreements with the leading Brazilian universities.

Last April, I visited Brazil with a group of Canadian university presidents, where we were able to build new relationships and secure Canada's participation in Brazil's national program, "Science without Borders." Under this program, Brazil intends to send some 100,000 students to study abroad in science, technology, engineering and mathematics by 2015. Twelve thousand students are expected to come to Canada, of which we welcomed the first group this fall.

I am pleased to announce that yesterday our Vice-President Research and Innovation from York University, Robert Haché, was in India alongside Prime Minister Stephen Harper signing an MOU (Memorandum of Understanding) with India's Prime Minister Manmohan Singh and members of India's research council. This agreement will stimulate research exchanges between York and several top Indian universities, including the very top Indian Institute of Technology and Indian Institute of Science.

This is just a small part of our extensive internationalization activities. At York, we are also committed to the success of our international students and their integration into the Canadian system. We offer services and programs, such as funding for work/study positions, buddy programs to match international with domestic students, "Living in Canada" talks on subjects such as banking, health care, dealing with social situations, career advice on such things as resume-writing tailored to the needs of international students, as well as academic advising by counsellors with cross-cultural expertise.

Conclusion

In conclusion, the imperative for Canada to compete in a global economy has gained momentum across all sectors over the last decade with significant intensification in new world economies. The ability to successfully conduct business in Canada and internationally relies on a global world view that is enabled through what I call The Endless Campus.

It is clear that the internationalization of Canadian education and the work force of tomorrow will be the defining factor in whether organizations succeed or fail. I submit to you that it will also be a key contributor to our economy and Canada's ability to compete.

I call on my esteemed colleagues in the post-secondary education sector, government leaders and private-sector partners to adopt a common vision and collaborate to the fullest extent so that we capitalize on our collective momentum.

Canada and future generations will be better off for it.

As President of York University and as a former international student, I am proud that our institution is totally committed to internationalization, creating and developing the citizen of the world.

Thank you.

The appreciation of the meeting was expressed by Kuttimol Kurian, CFO, Alpha Laboratories Inc.

December 6, 2012

The Hon. David C. Onley

Lieutenant-Governor of Ontario

ANNUAL CHRISTMAS LUNCHEON

Season's Greetings from The Hon. David Onley, Lieutenant-Governor of Ontario

Chairman: **Noble Chummar**
First Vice-President,
The Empire Club of Canada

Head Table Guests

Doug Morris, President, Morris Glass and Windows/Humidity Solutions, and Director, The Empire Club of Canada; Tony McKee, President, EnergyOne Solutions Inc.; Ruth Ann Onley; M.J. Perry, Vice-President and Owner, Mr. Discount, Ltd., and Director, The Empire Club of Canada; Jordan Oxley, CFO, EnergyOne Solutions Inc.; Carlo Crozzoli, Senior Vice-President, Corporate Business Development and Chief Risk Officer, Ontario Power Generation; Reverend Dr. John Niles, Senior Minister, St. Andrews United Church, Markham, and Past President, The Empire Club of Canada; and Rory McGuire, St. Andrew's College.

Introduction by Jordan Oxley

The Honourable David C. Onley was appointed Ontario's 28th Lieutenant-Governor following a distinguished career as a broadcaster.

His Honour has championed disability issues for many years and served as Chair of the Government of Ontario's Accessibility Standards Advisory Council and was an accessibility council member for the Rogers Centre and the Air Canada Centre.

As the first Ontario Lieutenant-Governor with a physical disability, His Honour has adopted "Accessibility" as the overarching theme of his mandate.

He has defined Accessibility as that which enables people to achieve their full potential, and believes that true Accessibility occurs when disabled people can fully participate in the social, cultural and economic life of Ontario.

Because Accessibility includes equal access to opportunities like education, His Honour is expanding the Aboriginal youth literacy programs to include computer literacy initiatives.

His Honour was born in Midland, Ontario, grew up in Scarborough, and was inducted into the Terry Fox Hall of Fame and the Scarborough Walk of Fame. The Lieutenant-Governor of Ontario is the Colonel of the Regiment, Queen's York Rangers, and also the Honorary Colonel of 25 Field Ambulance. He is the recipient of the Rick Hansen Award of Excellence, the Courage to Come Back Award, and holds 10 honorary degrees.

Ladies and gentlemen, please join me and welcome the Honourable David C. Onley, Lieutenant-Governor of Ontario.

David Onley

Mr. Chummar, Ms. Perry, Mr. Morris, distinguished guests, ladies and gentlemen:

As Honorary Vice-President of the Empire Club of Canada, I am pleased to be back with you for this year's luncheon.

And it is always a pleasure to see students taking part in the Christmas luncheon, a Toronto tradition that will mark its centennial next year.

By any measure, this was a remarkable year for celebrating traditions.

It included several significant anniversaries, each of which speaks to Canadian values.

In celebrating the Diamond Jubilee of Queen Elizabeth II, for example, we honoured a monarch who has committed her life to the service of her people. It was a commitment she made clear even before she ascended the throne 60 years ago. In 1947, the young Princess Elizabeth made a broadcast to the Commonwealth from Cape Town, declaring: “My whole life, whether it be long or short, shall be devoted to your service.”

Service to others is a Canadian value that can be traced back to the pioneers. They could not have survived in a hostile climate without the help of others—both First Nations and fellow-settlers.

Even in this fast-paced modern age, the ideal of service is still alive and well in our society. It lives in the men and women who work as police officers, firefighters, teachers, social workers and health-care professionals. We see it in those who come together to work for social change, housing for the homeless, justice for the wrongly accused, and independence for people living with disabilities. And it thrives in those who volunteer in support of important causes, be it raising funds for cultural and charitable work, coaching their children’s sports teams, or serving on committees to improve our schools, hospitals and other institutions.

Indeed, when we look at our history, we see that service to others has enriched Canadian life beyond measure. It is the ideal to which we owe our earliest hospitals, orphanages, and homes for the aged and indigent, not to mention some of our best-known voluntary institutions. The YMCA, St John’s Ambulance Association, the Canadian Red Cross, the Victorian Order of Nurses, and the Empire Club of Canada are just some that immediately spring to mind.

The second anniversary of note this year was the Bicentennial of the War of 1812. Although often perceived as a military clash between British and American values, the War of 1812 resulted in the settlers of Upper Canada accepting the twin ideas that they were Canadians, not Americans, and their loyalties lay with the Crown.

The seeds of national pride were sown in the War of 1812 and fed by the people's pride in Isaac Brock, Laura Secord and the Loyalist militia, and they bloom in the trenches of the Great War. The Canadian Corps' achievements in that conflict, especially at Vimy Ridge, encouraged Canadians to see their homeland as a nation, rather than a colony. And it established the concept of military service, whether in war or on peacekeeping missions, as an integral and widely admired Canadian value.

Another cause for celebration this year was the 30th anniversary of the Charter of Rights and Freedoms. In marking this particular milestone, we paid tribute to a Canadian value of respect for the rights of others that can be traced back through John Graves Simcoe to 13th-century England and the Magna Carta.

As the first Lieutenant-Governor of Upper Canada, Simcoe introduced into the new province in 1792 such institutions as the courts, trial by jury, English common law, and freehold land tenure. And it was Simcoe whose landmark legislation began the process that would make Upper Canada the first jurisdiction in the British Empire to abolish slavery—a distinction of which we can all be proud.

The year 2012 has also been interesting for me on a personal level. I had the opportunity to take part in some exciting events, including two overseas trips.

Last August, I had the privilege of representing the people of Ontario at the 2012 Paralympic Games in London. They were a huge success, the largest and most successful games since the first international Summer Games, held in Rome in 1960. A record 4,000 plus athletes from more than 160 countries took part. Over 2.7 million tickets were sold, and venues were packed. More than 250 world records were set, and extraordinary athletic performances created an unprecedented level of interest among the general public.

I came home from London convinced more than ever of the positive effect Parasports can have on public perceptions of disability. The 2012 Paralympics were not just a sporting spectacle of the highest calibre. They also created a powerful legacy, by demonstrating beyond a shadow of a doubt that these games were not about disability. What people saw were not disabled people who were athletes, but athletes who just happened to have a disability. I have every expectation that the same will be true of the Toronto 2015 Parapan Am Games.

My other overseas trip was to Jamaica last month. I was invited there by the Jamaican government to speak at the inaugural Disability Friendly Awards Gala.

It was a spectacular event organized by the Jamaica Council of Persons with Disabilities, in collaboration with the Jamaican Consul General in Toronto, George Ramocan and his wife Dr. Lola Ramocan. The gala was held under the patronage of the governor general of Jamaica, with the Prime Minister, the Rt. Hon. Portia Simpson Miller, as a featured speaker.

While I was in Jamaica, I took the opportunity to meet people and organizations involved in improving accessibility and overall quality of life for Jamaicans living with disability. It was a sobering and informative experience.

Jamaica was the first country in the world to ratify the United Nations Convention on Persons with Disability, and claims to be the accessibility leader in the Caribbean. But many of their facilities for people with disabilities are rundown, with materials and equipment nowhere near Canadian standards. However, their hearts and minds are determined to achieve an accessible society. Through legislation to be introduced in Parliament next year, the government is committed to, in the words of the Prime Minister, "promoting, protecting and facilitating full and equal fundamental rights and freedoms for persons with disabilities."

I hope that I can facilitate some future interaction for disability organizations in Jamaica with similar organizations here. I believe there is much we can learn from each other.

The trip to Jamaica was a heartening reminder of the progress we have made towards accessibility here in Ontario.

Even so, there is still some way to go to achieve full accessibility—especially in the area of employment.

But I also know that we have come thus far due to another Canadian value: the refusal to let the status quo stand in the way of progress towards accessibility and equality.

At this Christmas time, I can think of no better way to honour the spirit of this blessed season than by renewing our commitment to the less fortunate among us whether it be through disability, poverty or the misfortunes of life.

I wish, as well, to send heartfelt greetings to the men and women of Canada's military and diplomatic forces serving around the world, and to their families here at home.

And I thank the Empire Club of Canada for inviting me to speak to you today.

In the name of the Queen and on behalf of all Ontarians, I wish you a merry Christmas and a happy New Year.

The appreciation of the meeting was expressed by Carlo Crozzoli, Senior Vice-President, Corporate Business Development and Chief Risk Officer, Ontario Power Generation.

The Empire Club was then entertained by the Gledhill Public School Choir and two violinists from the Regent Park School of Music.

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Speaker/Event: John H. Tory, April 29, 2013

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Speaker/Event: André Pratte, October 11, 2012

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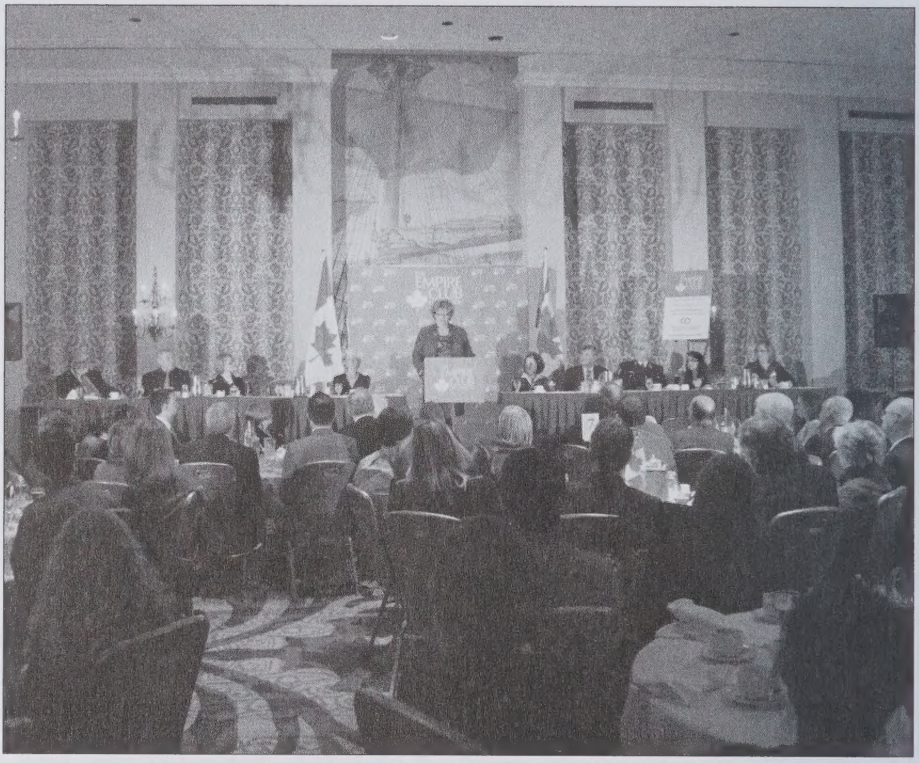
Speaker/Event: His Excellency Jean-Marc Ayrault, March 14, 2013

Speaker/Event: Andrea Horwath, March 21, 2013

Speaker/Event: Matthew Teitelbaum, May 1, 2013



Speaker/Event: Anne Sado, October 29, 2012

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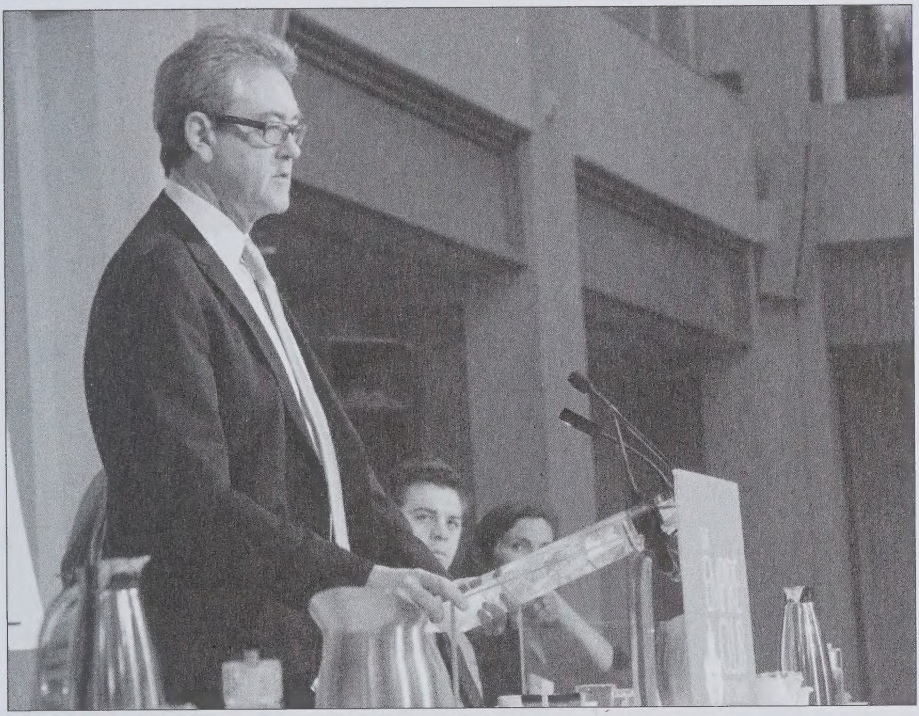
Speaker/Event: John H. Tory, April 29, 2013



Speaker/Event: Piers Handling, February 21, 2013

Speaker/Event: Tony Griffiths, Howard Green, March 26, 2013

Speaker/Event: Andy Byford, May 13, 2013

Speaker/Event: Jeremy Black, October 1, 2012

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Speaker/Event: Thorsten Heins, February 5, 2013

Speaker/Event: Dr. Mamdouh Shoukri, November 7, 2012

Speaker/Event: Justin Trudeau, John Cruickshank, March 27, 2013

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Speaker/Event: The Hon. David C. Onley, December 6, 2012

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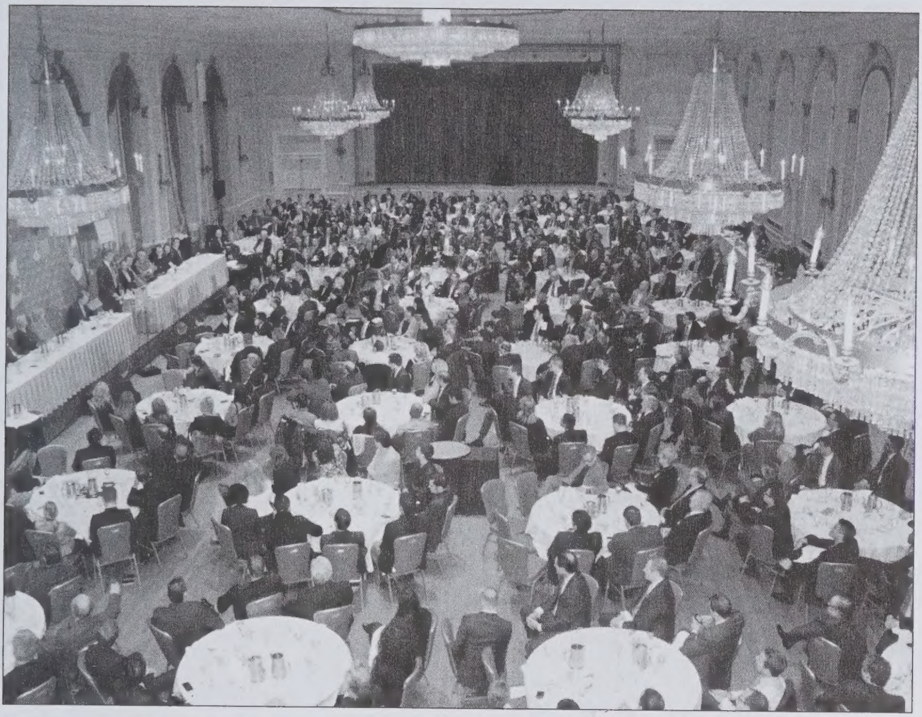

Speaker/Event: Thorsten Heins, February 5, 2013

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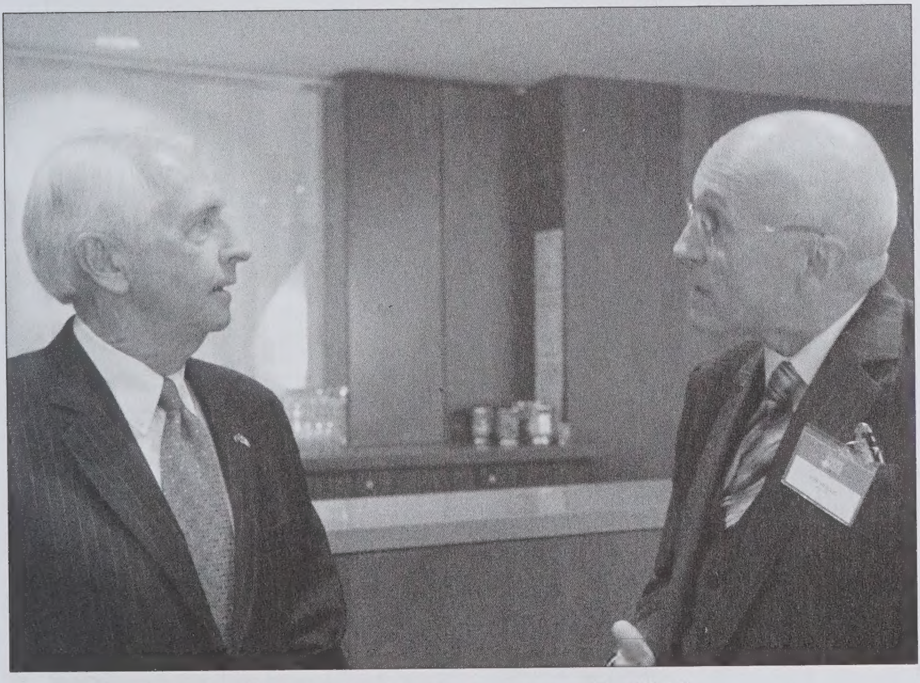
Speaker/Event: Thomas Cardinal Collins, Anna Maria Tremonti, June 20, 2013

Speaker/Event: Tony Griffiths, Howard Green, March 26, 2013

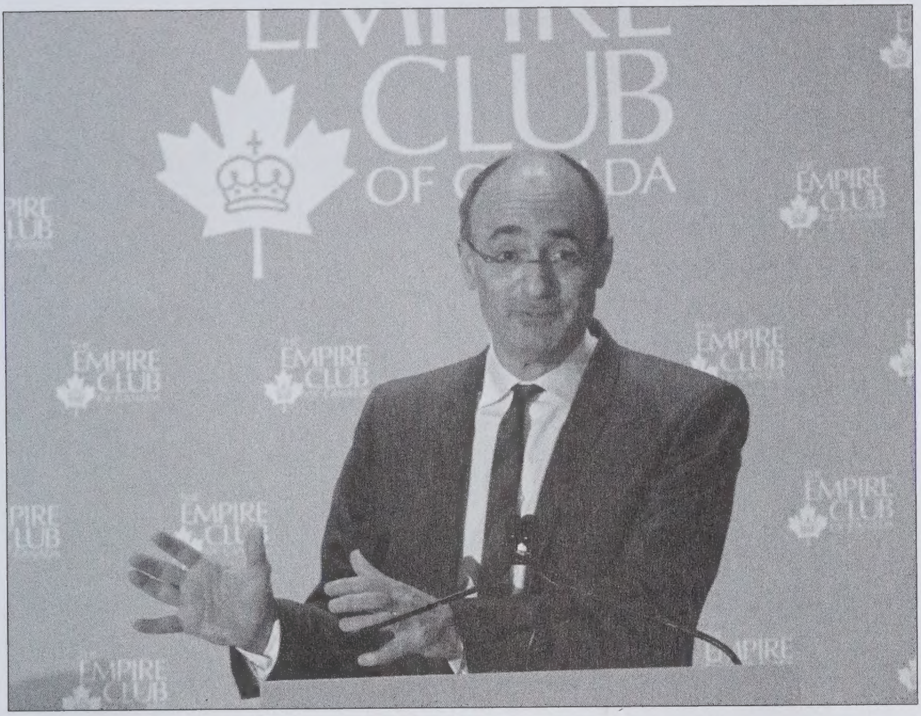
Speaker/Event: Ken Taylor, Pamela Wallin, January 24, 2013

Speaker/Event: Richard Garneau, April 4, 2013



Speaker/Event: Steven L. Beshear, June 5, 2013

Speaker/Event: Andrea Horwath, March 21, 2013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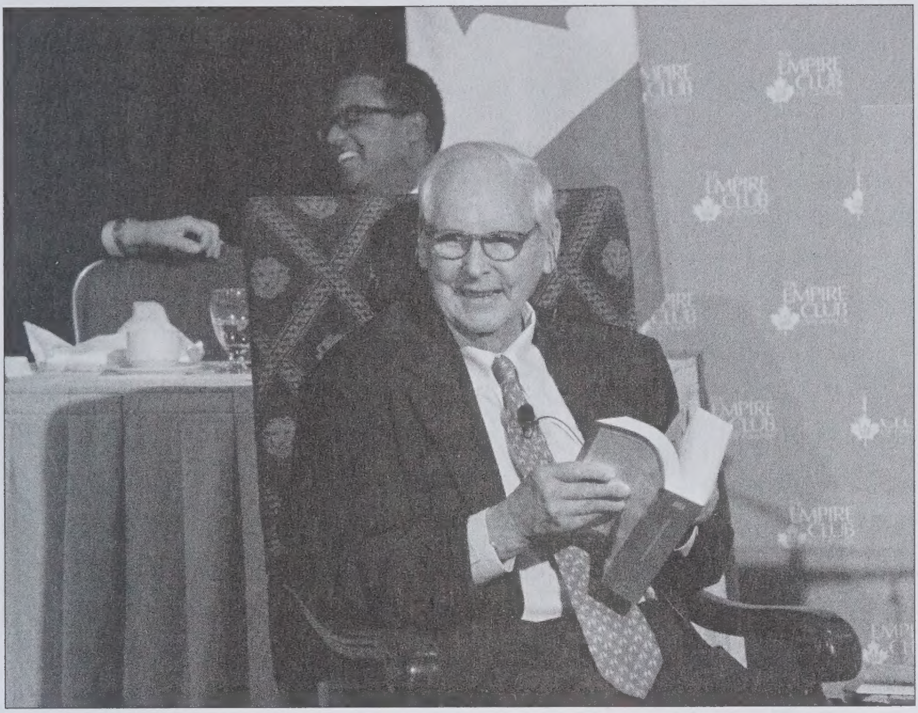
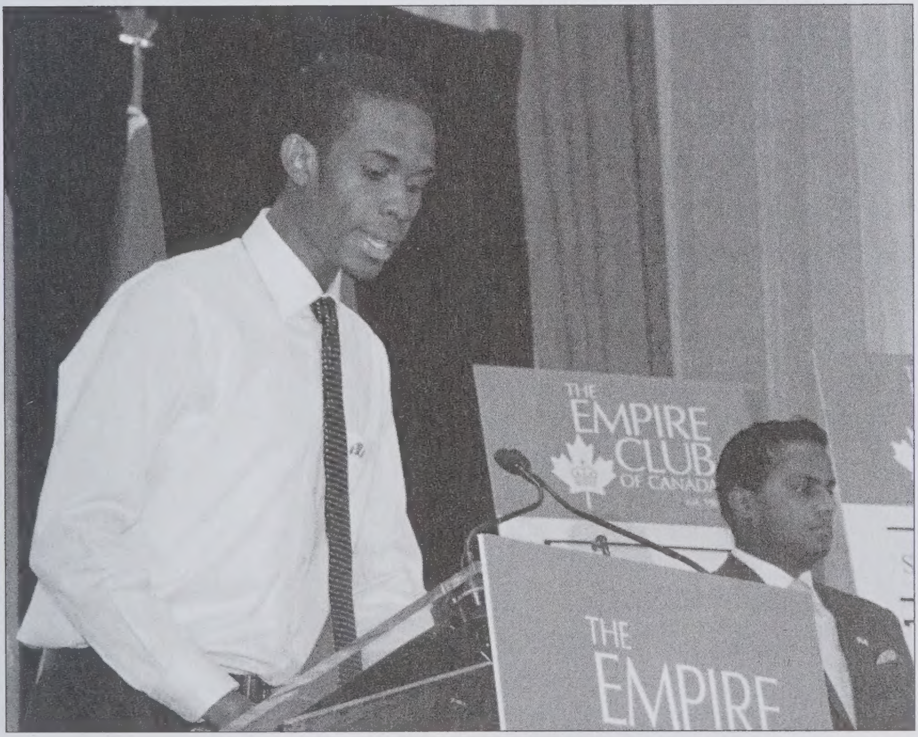
Speaker/Event: Andy Byford, May 13, 2013



Speaker/Event: Tony Griffiths, Howard Green, March 26, 2013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Speaker/Event: His Excellency Jean-Marc Ayrault, March 14, 2013

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Speaker/Event: Venture Capital in Canada, May 29, 2013

Speaker/Event: Andy Byford, May 13, 2013

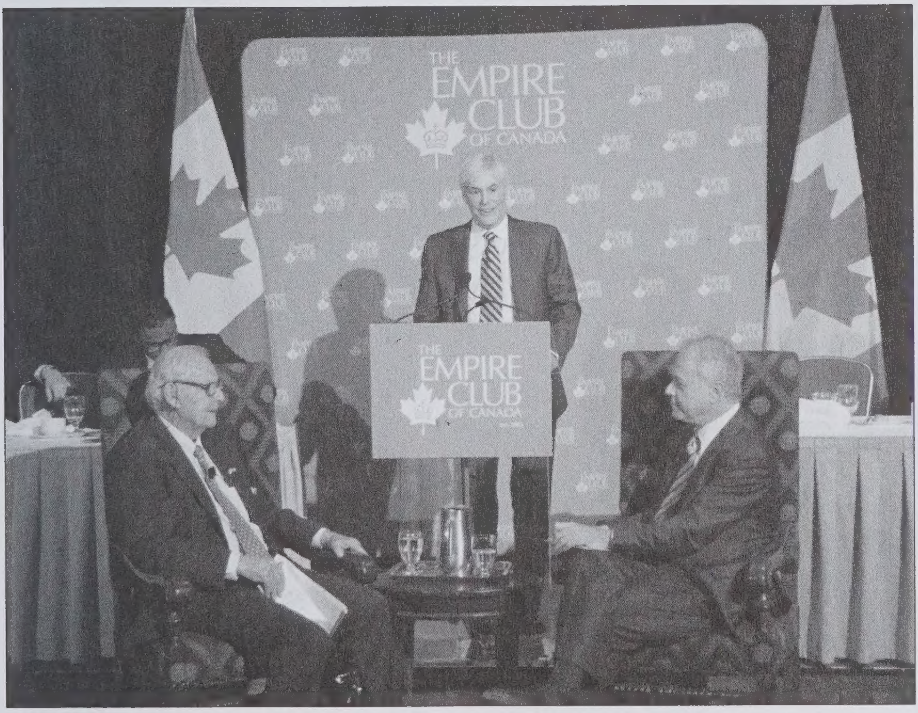
Speaker/Event: David Jacobson, February 14, 2013

Speaker/Event: Justin Trudeau, John Cruickshank, March 27, 2013

Speaker/Event: Steven L. Beshear, June 5, 2013

Speaker/Event: Andy Byford, May 13, 2013

Speaker/Event: Richard Garneau, April 4, 2013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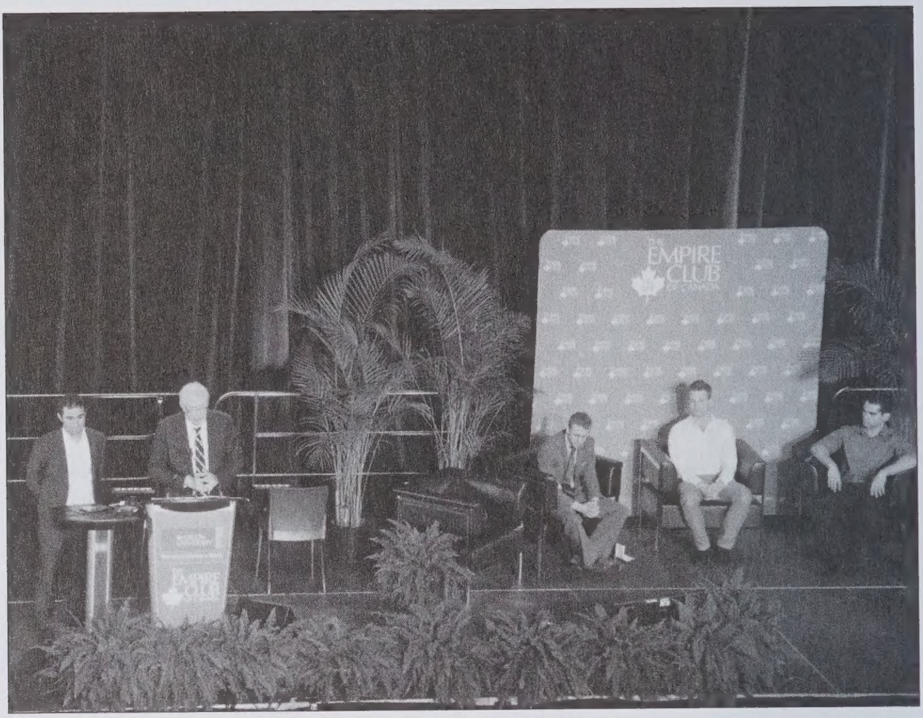
Speaker/Event: Tony Griffiths, Howard Green, March 26, 2013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Speaker/Event: Sheldon Levy, May 8, 2013

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Speaker/Event: John H. Tory, April 29, 2013

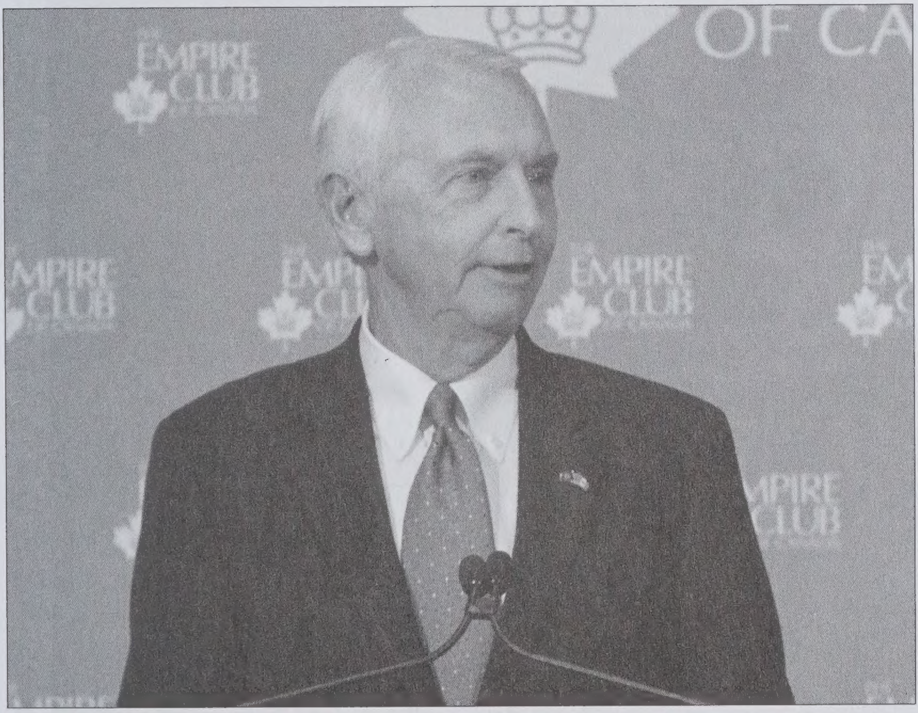
Speaker/Event: Justin Trudeau, John Cruickshank, March 27, 2013

Speaker/Event: Andrea Horwath, March 21, 2013

Speaker/Event: Justin Trudeau, John Cruickshank, March 27, 2013

Speaker/Event: Sheldon Levy, May 8, 2013

Speaker/Event: Dr. Mamdouh Shoukri, November 7, 2012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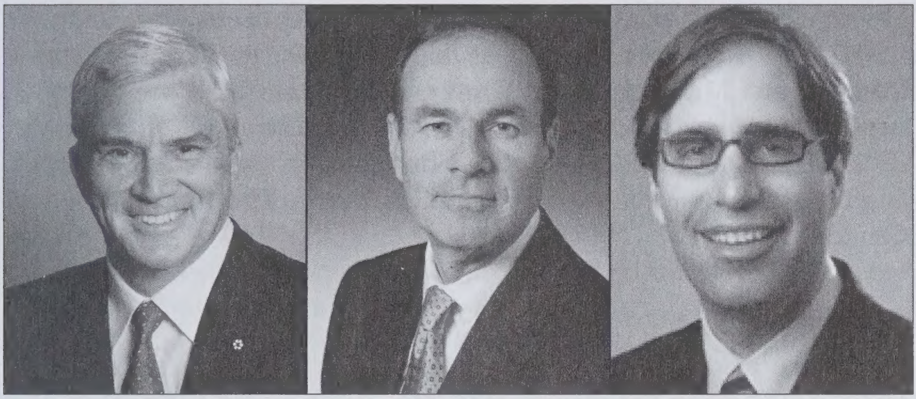
Speaker/Event: Steven L. Beshear, June 5, 2013

Speaker/Event: Ken Taylor, Pamela Wallin, January 24, 2013



January 3, 2013

Thomas Caldwell

Chairman and CEO, Caldwell Securities

David Harquail

CEO, Franco-Nevada Corporation

Avery Shenfeld

Managing Director and Chief Economist, CIBC

ANNUAL INVESTMENT OUTLOOK 2013

Chairman: **Robin Sears**
President, The Empire Club of Canada

Head Table Guests

William White, Chairman, IBK Capital Corp., and Director, The Empire Club of Canada; Rosie MacLennan, Olympic Gold Medalist, Trampoline; John MacLennan, CEO, Creva Group; Ingrid Hibbard, President, Pelangio Exploration Inc.; Peter Jarvis, Executive Director, CFA Society, Toronto; David Gilkes, Vice-Chair, Exempt Market Dealers Association of Canada; Joe Hinzer, President, Watts Griffis and McOuat Limited; Pat Kimeda, Administrative Coordinator, King-Bay Chaplaincy; Ian Russell, President and CEO, IIAC; Lindsay Semple, CEO, Morumbi Resources Inc.; Jay Smith, Vice-President, CIBC Wood Gundy; Rory Cattanach, Partner, Wildeboer Dellelce; Bruce Shaw, Managing Director, TD Newcrest; Gerry

McCarvill, Chairman and CEO, Norvista Resources Corporation; David Brown, Partner, WeirFoulds LLP; Onno Rutten, Vice-President, Investment Management, Mackenzie Financial Corporation; Alexandra Horwood, Associate Investment Advisor, Richardson GMP Limited; Glenn Nolan, President, PDAC; and Alex Squires, Director, Brant Securities Ltd., and Director, The Empire Club of Canada.

Introduction by Robin Sears

Members and guests of the Empire Club, 2012 was another challenging year for global markets. Continuing turmoil in the Middle East, wars in Afghanistan and on the horn of Africa and in North Africa, rising tensions with Iran all contributed to unsettled markets, especially in oil and gas. The U.S. economy stumbled towards the first of several fiscal cliffs. The Europeans struggled to keep several nations from stumbling into the fiscal abyss.

Canada's traditional commodity strengths saw emerging threats on several fronts with weakening Chinese demand for non-food commodities, India freezing potash imports, and the U.S. fracking explosion widening the oil price gap for Canadian products.

The U.S. may have avoided its own fiscal cliff this week. Others will emerge over the horizon almost every month for the remainder of the year. Canada has weathered the great recession, and the wobbles since, with great skill—and good fortune. Some experts say 2013 may be the most challenging year we have faced since the great crash; others are more bullish.

We are privileged to have three brains and articulate voices from three different places at the top of Canadian capital markets with us today. Avery, David and Tom are truly leaders in their spheres with incontestable track records of success in forecasting, investing and mining. Each brings a unique perspective to helping understand the year ahead for the Canadian economy, the global economy and how we may all survive the turbulence ahead.

Please welcome Thomas Caldwell, Chairman and CEO, Caldwell Securities.

Tom Caldwell is one of the gurus of Canadian finance. You will have heard him many times as a favourite media source in good times and bad. He is Chairman of Caldwell Securities, a leading Canadian investment firm providing investment management, brokerage and insurance services to investors across North America and the world.

Tom is recognized as one of the world's foremost investors in securities exchanges. Caldwell and its affiliates were the second-largest owners of the New York Stock Exchange prior to its demutualization. Mr. Caldwell is also President of Urbana Corporation, a publicly traded investment company.

A community leader, he is on the board of the Conference of Defence Associations Institute, and a senior board adviser to EM Hallowell, a world leader in ADHD treatment for both children and adults.

Awarded Her Majesty's golden jubilee medal in 2002 for his work with Canadian veterans, Tom is also a Member of the Order of Canada. Last year, Tom received Her Majesty's diamond jubilee medal for his efforts on behalf of the disadvantaged.

Thomas Caldwell

The task of an investment manager is to identify a trend and work with it. The trend I plan to discuss, we must work against because of the existential threat it poses.

I believe this may be the most important and possibly the most dangerous talk I will ever give. My concern is I do not communicate the topic effectively in the time allotted, or my comments are relegated to just "a cry in the wilderness."

We are now at a point where a major impediment to economic growth, job creation, innovation and business formation is regulatory strangulation within the financial-services sector.

Before I am pounced upon by regulators and media, let me state that I have, throughout my career, been a strong advocate for intelligent, clear and effective securities regulation for the protection of investors, the securities industry and our country's economy.

We have now gone far beyond that into the realm of regulatory overkill or strangulation, under the mantra that "more is better."

This has gone on undetected by politicians who do not see the complex issue of capital markets as having any political upside. The unintended consequences of unfettered regulators continually elude our lawmakers.

The growth in size of the Ontario Securities regulations and those of their accompanying industry sub regulator (IIROC) has been geometric over the years with, in my opinion, with a parallel deterioration in investor protection.

The fact that the great scandals have occurred as regulations have become more numerous is partly because of mis-focus and partly because of massive regulatory volume burying what is really important. Bre-X and Sino Forest are cases in point, with the latter being a replica of the former. Auditors indeed have some responsibility here but regulators should have spotted Sino, with its identical modus operandi to Bre-X, on day one.

Despite large, missed scandals and slow follow-up when spotted, regulators, seeking to expand their mandates and staff, insist on focusing on the retail investor and stacking up more and more obligations on the financial-services sector, particularly independent brokers and advisors. Small investors are now too risky and too costly to serve by independents who generally provide more personalized service and broader advice. Thus, retail investors are shoved into the wholesale products of the industry's larger bank-controlled firms.

To assist regulators, let me inform them that the retail investor is long gone from the investment scene and they only return with their lawyers for an easy touch to regain long ago losses. Yes, there are legitimate claims but this is now a growth industry—spurred on by media and regulators alike.

For the record, if exchanges stripped away high-frequency trading (a practice indirectly encouraged abetted by regulators), the volume of trade by individuals would be a small fraction of historical numbers.

Further, our regulators sponsor with our fees and government funds their own lobby group, which, for example, recently published a report, or should I say a reprint of a newspaper article, effectively stating that investment advice was more or less useless. Anyone opposing his or her lobby group ("FAIR") is branded as un-"FAIR." This is like the fire department hiring someone to run up and down the streets yelling "fire" in order to get more fire engines and bigger budgets. Regulators are now expanding their "concerned" lobby group sponsorships.

I would remind regulators that their task is to assist in building a healthy financial-services environment not to destroy it.

Rarely a day goes by without our industry being slagged by media—usually fed by regulators.

The recent "trailer fees" headline is a case in point. Mutual funds are sold not bought. Not holding them long enough is the great and common investing error. Keeping investors in place during tough markets is a valuable role. Deliberations in the press by the Canadian Securities Administrators are highly disturbing. It is like the CMA issuing a release "patients still dying while under medical care. Doctors over-paid."

Non-major violations of OSC regulations are typically branded as "acting against the public interest," which to the public sounds like a crime against humanity.

The Ombudsman for the Financial Services Industry tries to punish firms that disagree with their judgments in the media. That hurts every firm in our industry.

To some degree it is self-promotion by regulators at the expense of those they regulate—a recurring theme. Looking at the above, one could easily ignore the fact that billions of dollars change hands each day in hundreds of thousands of transactions by tens of thousands of people who are both hard-working and highly ethical.

Let me provide some overkill perspective using the U.S. experience.

1. The villains from Tyco, Enron and Worldcom were already in jail, yet optics-driven government and regulators came up with the Sarbanes-Oxley regu-

lations ("SOX") which have cost corporations (hence investors) billions of dollars in compliance costs, without saving investors one dollar. "SOX" may, in fact, have contributed to the financial crisis of 2008, as corporate directors focused more on "SOX" requirements and penalties than corporate risk. "SOX" also raised the cost and risk of being a public company to exorbitant levels. New public issues, international listings and the U.S. economy in general have all been directly and negatively impacted by "SOX."

2. The banking crisis arose because regulators agreed to scrap the Glass-Steagall Act, which separated commercial banking from investment banking and kept the U.S. banking system secure for almost 70 years. With its removal, investment bankers had access to customer deposits and the rest is history.

Glass-Steagall's replacement, Dodd Frank, has more words in its guidelines (not specific regulations) than the Old Testament, New Testament and Koran combined. Glass Steagall was 53 pages in total—policy and rules.

The theme of simplicity to complexity to gaming to more regulations continues in other areas such as shorting stocks (removal of the "up-tick" rule), to allowing anyone with a computer to set up a securities exchange.

A clear result of this regulatory thicket is the complete demise of the NYSE to a simple tag end of an upstart commodities exchange. This has massive economic implications.

Canadian regulators, mesmerized by America's slow suicide, are determined to appear tougher and their sub-industry regulator, even tougher. The U.S. economy has size and depth in its favour to partly absorb regulatory over-reach and abuse. Canada lacks that bulk and is at a different historical phase in its development. Our imitating U.S. knee jerk regulatory changes are removing the opportunity for Canada to becoming a world financial centre—a "Switzerland of the North."

Securities regulations should be simple and clear in order to effectively police and to comply with. That is far from the current case. As one securities firm's compliance officer recently stated: "I need roller skates just to keep up." Compliance now comprises between 30 per cent to 50 per cent of administration costs for independent brokers and advisors. That is simply not sustainable as regulators have lost all sense or concern for the costs and consequences of their actions.

The immediate Canadian consequences of unchecked regulatory competition to be the toughest and most restrictive is as follows:

1. Investors are being deprived of investment choices in terms of both products and service providers. Although our banks are also suffering from regulatory overkill, they have size and diversity to sustain their business models. Independent firms do not. They are dying.
2. Entrepreneurs and innovators are being starved for funding to try new things. Banks fulfill a key roll in our economy but backing new or small enterprises with equity investment is not one of them. Apple, Intel, Microsoft, RIM plus hundreds more, including many of our large resource companies, may never have got off the ground in our current Canadian regulatory environment. Remember smaller independent brokers finance new enterprises. Kill the former, the latter dies or goes elsewhere.
3. Mis-focus and not knowing what is important on the part of regulators have allowed and indeed encouraged an overly complex financial market to develop (multiple exchanges, dark pools etc.) along with the replacement of real investment with

gaming between exchange venues on the basis of fee discrepancies ("taker-payer" models). This high-frequency trading now accounts for a significant portion of all equity trading. Note—you are not an investor if your holding period is a fraction of a second. Regulators, conned by the gamesters, continually parrot the line "it adds to liquidity—and cuts costs"—nonsense.

In addition, the folks with faster computers or better programs are continually able to jump in front of legitimate investors.

4. The destruction of "open and visible" trading markets, as sanctioned and encouraged by regulators, has now undercut the basis of all investment and trading, that is the accurate determination of the price at which a trade should take place or "price discovery." It is too easy now to fix prices.

   Many individual investors now see the game as rigged against them and are opting for other investment choices, e.g. commodities, condos, land etc.
5. Companies seeking financing are now avoiding public markets whenever possible. They currently seek funding in the private-capital world or, in the case of the U.S., U.K. and Australia, "crowd financing" on the Internet. Anything to avoid the regulatory costs and threats of public markets. A good illustration is the information overkill of prospectuses, which only protects the lifestyle of those who write them. No one else reads them.
6. The main concern of industry regulators still appears to be procedures and paper trails versus substance. Primary focus areas seem to be along the lines of how up-to-date new account forms are. One firm was recently fined for doing the right thing but not having a written procedure for doing the right thing.

Soon regulators will be contacting individual investors directly to check on a firm's documentation—assuring those clients that nothing is amiss with their advisor firm. That will not be the client reaction.

The new Client Relationship Model will complete the overkill and is similar to holding car salesmen responsible for all future breakdowns or accidents. This should keep brokers fully focused on paper trail.

With every crisis, the regulatory strangulation is accelerated whether relevant or not to the individual securities industry registrant. As Oscar Wilde said, "The bureaucracy has to expand to meet the needs of an expanding bureaucracy."

I could go on but time limits.

A few suggested solutions:

1. Take the Ontario Securities Act and start by cutting it in half to the point of reality and addressing what is important to all. Remove redundant, dated and unnecessary regulations and go back to principles and goals-based regulation. Stop funding lobby groups whose role is to slag the investment industry and aggrandize regulators.
2. Regulate the regulators at all levels. A mechanism must be established to curtail regulatory abuse other than appealing to the regulator itself, whose only interest is building upon what already exists—despite the cost and overall economic consequences of their actions and inaction.
3. If I ran a province (the domain of securities regulation) I would take the regulatory function in house at the provincial securities commission level and focus on a smaller sub-set of regulations that are meaningful for good governance and disaster prevention.

This step is particularly important to provinces other than Ontario as, in my opinion, a national industry sub-regulator using a "one-size-fits-all" model can be regionally destructive.

Further, I believe farming out regulation has removed broader capital market accountability. Also, self-funding of regulators has led to self-aggrandizement.

Keep in mind that throughout my career I have also been a strong advocate of a national securities regulator. I did not foresee the extent to which regulators would lose sight of their overall function and simply opt for bulk or empire.

This talk is supposed to end with some investment recommendations:

I would like to give you two guaranteed winners and one reasonably good recommendation.

1. Do an IPO on any securities regulator or sub-regulator. Imagine an industry where you can fine your customers for not using your products—no matter how irrelevant. Reminds one of the "Dilbert" cartoons.
2. Failing that, try to get legal firms specializing in securities law to issue public shares. Most spend their time on compliance now versus deals. Remember, regulators are the only people on earth who believe hiring more lawyers will solve a problem.
3. Finally, a non-guaranteed investment group would be Canada's major banks, because their massive dominance (80 per cent) of the Canadian investment industry will become total (100 per cent) as a result of the regulatory strangulation of all of their independent competitors. Has anyone noticed many independent trust companies, auto leasing companies, mortgage insurance companies of late?

The bottom line is this. At present, with no effective check on securities industry regulators, they have become destructive forces impacting the public, the securities industry and the economy as a whole.

My message is that the regulators themselves need to be regulated.

Introduction by Robin Sears

David Harquail is President and CEO of Franco-Nevada, one of Canada's leading mining pioneers. David led Franco-Nevada's TSX IPO five years ago and has guided the firm to success upon success since. Previously a senior executive at Newmont Mining and at the original Franco-Nevada Group, David is a true leader in Canada's resource sector.

He serves in leadership roles on mining boards, industry associations and in the community and not-for-profit sectors.

David Harquail

Thank you. It is an honour to be this year's invitee to speak about the outlook for gold.

And for me, it is especially interesting to talk about gold in front of the Empire Club of Canada. The history of gold and the Empire have been inextricably linked.

So for today's lunch, I thought it would be interesting to touch on a bit of that history. I will then try to show you some technical aspects of today's gold price and speak to some of gold's fundamentals. Finally I will leave you with a gold investment recommendation for 2013.

When the Empire Club of Canada was founded in 1903, Canadian troops were just returning from fighting for the Empire in southern Africa. The monuments to the Boer War stand in the middle of University Avenue today.

That war was orchestrated by Cecil Rhodes, probably the most successful individual champion of the British Empire ever. He played a pivotal role in making most of southern Africa part of the British Empire. Even a country Rhodesia was named after him.

He was also a founder of the DeBeers diamond company. Among his greatest legacies were the Rhodes scholarships, which have benefited many Canadians.

With respect to gold, Rhodes contribution was to bring the fabulous Witswatersrand gold fields under the control of the Empire. Over the past century, almost 40 per cent of all the gold produced in the history of mankind has come from the mines in the Witswatersrand of South Africa. That gold formed the backing for the monetary system of the western world for most of the 20th century.

This chart shows the price of gold over the full 110-year history of the Empire Club of Canada.

For most of this history, the global monetary system operated under "The Gold Standard." All the major paper currencies were backed and convertible into gold at a fixed ratio. In dollar terms, gold was fixed for the majority of that time at $35 per ounce. It was a remarkably stable and disciplined system.

In 1971, Richard Nixon broke that link. You can see that since then there has been an almost parabolic increase in the gold price. We have had an unprecedented run of consecutively higher gold prices over the past 12 years. The 2012 year-end gold price of $1,681/ounce is a 48-times multiple of the 1971 gold price. So it is not very surprising that some observers have suggested that this chart for gold looks a lot like the dot-com bubble. Has gold finally become overvalued?

One of the reasons gold has been coveted for millennia is that it has been seen as the ultimate store of value or wealth preservation. However, over longer periods of time, it is hard to appreciate what is happening to values. Baskets of goods change, computers and cars get more powerful with more options and so forth.

But there are some simple empirical comparisons we can do ourselves that don't require statisticians. For instance, what we are doing in this room today is a very interesting measure. Today we have a sit-down luncheon in a downtown Toronto hotel with a head table and hopefully an interesting speaker. In terms of value proposition, probably not a lot has changed over the past 75 or 80 years. In fact, here is a picture of the 1935 luncheon of the Ontario Prospectors Association. It was held at the King Edward Hotel down the street. I don't have a picture of an Empire Club luncheon from those years but I bet it looked just like this. The cost of a ticket to this luncheon in 1935 was $1.25. Gold then was fixed at $35 per ounce. In other words, in gold terms, it cost 1/28th of an ounce of gold to attend. Alternatively, one ounce of gold would buy you 28 luncheons (hopefully with different speakers!). I am dubbing this the Empire Club of Canada Luncheon Index Factor.

As I mentioned, on Monday gold's closing price for 2012 was $1,681 per ounce. If I took my factor of 1/28th of an ounce, that equates within four cents to $60. I understand that is the price for a member's ticket to the Empire Club luncheon today. Gold is not over valued today. It is exactly where it is supposed to be. It continues to demonstrate a remarkable store of value. An ounce of gold will still buy you 28 Empire Club luncheons.

But the Canadian dollar is a different story. A luncheon ticket that used to cost $1.25 now costs $60 for almost exactly the same value proposition. In a single life time, the Canadian dollar has lost 98 per cent of its purchasing power. And this is for one of the most respected economies and central banks in the world. With the western world now entering into a protracted phase of monetary expansion, investors have to be truly fearful. Measuring investment performance in dollar terms is not wealth management!

It is not surprising that more institutional investors are taking gold positions. The growth in gold ETFs to over $140 billion since their first creation in 2004 has been spectacular. It is also interesting to note that since 2008, Central Banks have been major net buyers of gold. It speaks volumes when the insiders at the Central Banks are effectively shorting their own paper.

What is surprising is that there has not yet been a larger movement into gold. Today, only 1 per cent of total investible global assets are in gold. There is still lots of potential further buying of gold.

So where is gold going from here? This is a chart since 2000 of gold compared to the general equity markets.

I have to congratulate the Empire Club organizers. They had the foresight over the past years of annual forecast luncheons to include gold as a separate outlook. The advice given about gold at these luncheons has been absolutely spot on. Despite each of the past 12 years being a new high for gold, the advice given was that it was not too late to buy gold.

Over the last year, gold has been in a trading pattern, which has worried the momentum players. In fact it looks a lot like the pattern we saw in 2008 and 2009 before gold broke out again.

In the near term, 2013 could be the first year after a 12-year winning streak in which gold does not end up higher. But I believe this would still be only a temporary consolidation within a larger bull trend. I can't be specific on timing as so much depends on larger macro factors, but I believe it is only a question of time before gold breaks out again. And here is why.

Remember how we did the index of how much gold it would take to buy an Empire Club luncheon. This is an index of how many ounces of gold are needed to buy the Dow Jones Index. Going up, it shows you when the general markets are getting more expensive relative to gold. Going down, it shows you when gold is getting more valuable relative to the general markets

You can see the peaks for equities. The year 1929 just before the recession it took 18 ounces of gold to buy the Dow index. In the great depression of the '30s it took only two ounces of gold to buy the Dow index. Again in the

1980s, it took less than two ounces of gold to buy the DOW. At the peak of the Dot Com bubble in 1999, it took 42 ounces of gold to buy the DOW. Today it takes only eight ounces of gold to buy the DOW but still nowhere close to the two ounces we experienced in the '30s and '80s.

Right now, we are in the middle of the third great boom for gold in the past century. You can see these are powerful trends. My interpretation of this chart is we still have more years and more upside potential for the gold price relative to the general markets. How long and to what extent depends on larger macro events.

Finally, I need to touch on the actual fundamentals for gold. Gold is both a commodity and the ultimate currency.

As a commodity, you couldn't ask for more. Supply growth is anemic and costs are getting higher. On the other side, demand prospects couldn't be more promising. India and China now represent over 50 per cent of commodity demand and the demographic profile for further demand growth could not be more promising.

As a currency, gold is increasingly in demand. I've already spoken about the institutional investors, gold ETFs and central banks. There is still a lot of dry powder of likely future buyers of gold.

The biggest risk for gold in 2013 is a global recession. That would in the short term hurt both commodity demand in India and China. It would also hurt investment demand as some gold will be sold to meet cash calls elsewhere.

But just like the 2008–2009 financial crisis, I would expect a similar outcome. A short-term consolidation in gold prices followed by a leading breakout relative to other asset classes.

Let's go back to the gold price chart against the S&P. This time, I've added the performance of the gold equities.

You can see that since the global financial crisis, the gold equities have substantially underperformed physical bullion. This reflects a bunch of factors including cost inflation, government takings and competition from the gold ETFs. Analysts are also discounting the gold equities assuming gold prices will decline by almost 20 per cent over the next few years.

Gold equities have never been as discounted and unpopular as they are today. Last year, a number of senior gold company CEOs here in Toronto lost their jobs because of this underperformance. Yet the senior companies are now generating cash flow and have been increasing dividends. They are also rare and it is hard to create franchises with high optionality for new discoveries.

Today, any one can create a gold ETF and we might soon have more than there are senior gold producers. For a gold ETF you have to pay an annual fee with no chance of a return until you sell your position.

The contrarian play today is to buy gold equities for a valuation that already discounts a lower gold price.

So my conclusions on gold for the Empire Club of Canada are:

1. The advice you have received at past Empire Club forecasts has been very good. You should own some gold in your portfolios as part of a wealth-preservation strategy. The past advice of buying physical gold has been spectacularly successful. Congratulations.
2. As I tried to show you, gold today is not over valued and it is not too late to own gold. However, for 2013, there is an elevated risk for a global recession. This presents some short-term risk in gold this year. But if you are prepared to take a longer-term perspective, I expect a position taken today will ultimately be profitable.

3. For 2013, the best risk/return trade-off may be in senior, dividend-paying gold equities. They are already discounting a weak equity market and lower gold prices. You get paid dividends instead off paying ETF fees while you are waiting for the next leg in the gold market.

With that, I wish you success with your investments in 2013.

Introduction by Robin Sears

Avery Shenfeld is the chief economist at CIBC. A Harvard Economics PhD, Avery is one of Canada's most sought-after economic commentators.

Now market pundits come and go and most survive their failed predictions on the strength of short memories alone. But Avery has a track record that is of a different school: Bloomberg has awarded him the most accurate forecaster of the Canadian economy over the past two years. He has also won the same title from MarketWatch four times, as the most accurate forecaster of the U.S. economy.

Avery has been a senior management consultant, a Professor at U of T and the Kennedy School at Harvard, as well as a respected speaker on international economic issues at prestigious forums around the world.

Avery Shenfeld

When I thought about speaking here today at the Empire Club in the Royal York Hotel, I thought we'd start by toasting the Queen. You'd almost think we were back in the British Empire. We have actually made some progress since then. We're not just sending them beaver pelts and logs. We're actually sending them Central Bank governors as well. We're breeding economists here. As an economist, I think we actually tend to compare ourselves more to the U.S. these days than to the U.K. Canada's done a lot of self-congratulation over the past few years because the Canadian economy did manage to outperform the U.S. during the recession and the early stage of the recovery. I think the key word is "did." In the past year, in fact in the most recent four quarters of data, Canada's actually trailed the U.S. economy by about a full percentage point.

Our problem here is that we are now taking steps to try to slow some of the domestic engines of growth. We're worried about Canadians borrowing too much, buying too many houses and condos and so on. We seem to have hit some success in actually calming some of that. We've done so before we actually have a strong enough global economy so that exports and capital spending can take its place. The result is that I think we're looking at another year of fairly moderate growth in Canada, potentially less than two per cent, and maybe only slighter better than that in the U.S. Even for the global economy, it's hard to be too rosy. China is just starting to emerge from a slow patch. Europe seems mired in recession. As investors, we're looking at a relatively slow growth, maybe a 3-per-cent global growth year for 2013. Remember that four-and-a-half to 5 would be more like a good year for global growth.

Nevertheless, diamonds may be forever, but slow global growth I don't think is. If you're willing to look ahead to 2014, which is something that investors will be doing in the coming year, there are reasons to actually be much more optimistic. By 2014, for example, the U.S., having weathered the storm of the fiscal tightening that will hit this year, the round of tax increases and likely spending cuts that could cut U.S. growth by about one-and-a-half per cent from where it would be otherwise, that initial round will not be followed up by another big round of yet more tax increases and severe spending cuts in 2014. As a result, we're optimistic that the U.S. economy, which this year will grow at a little more than 2 per cent, could well be in that 3 to three-and-a-half-per-cent range come 2014. What's driving the U.S. expansion is that it, unlike Canada, is just at the leading edge of finally getting the benefit of low interest rates. There's a visible recovery underway in home building, in house prices, and those of you who have shopped for a house know that when you buy a house, whether a new or an existing one, it's not just the house you buy. Someone in your family says, "Well, we can't put that old couch in the new living room," so now you're buying a couch. Someone also says that maybe the cabinets need changing in the house, so now you've got a renovator. Before you know it, you've added a lot of other consumer spending to the mix. We think that the engine of growth in the U.S. economy, the engine that has been missing over the past few years—the household sector actually tapping into credit markets to go to buy things—is going to power the U.S. economy to much better growth, a trend that will be masked this year just because of the tax hikes and spending cuts that are hitting.

Here in Canada, as I said, we are at the tail end of the big boom in low-interest-rate-driven growth. It's not that the Bank of Canada is going to step in this year and raise interest rates; with economic growth so lacklustre, there's simply no need to try to slow it further with higher rates. These existing low interest rates aren't going to provide the same economic lift, not when we've already done so much borrowing to buy the new car, buy the new house and so on, and when the regulators—I'll use that word—are stepping in a little bit to cool our fire in terms of tightening the rules for mortgage insurance. Canada this year will lose a little more than half a per cent of economic growth simply from the slowdown in homebuilding. Now while we do expect greater output from the energy sector—the oil sector was hit by some temporary disruptions—that's really basically just a tradeoff against the homebuilding decline. The result is, as I said, we're going to see some fairly tepid growth here in Canada.

Looking abroad, there's also reason to think that 2014 could be better than 2013. By 2014 we think that China will have engineered a more rapid recovery than we will see this year. Even Europe, good old Europe, the mother country and its neighbours in the Eurozone, may finally start to grow again by 2014, because even there the burden of fiscal restraint might gradually be lightening up enough to get at least some economic growth. For the coming year, Europe is still I think going to be a troubled place. They're in recession. They've managed to cool the bond-market jitters that they're going to default tomorrow. We hear a lot of statements from European leaders trying to reassure us that they're not all Greece. I did bring a few of them with me here today. We have, for example, the Spanish finance minister telling us that Spain is not Greece. I guess that's good. According to the Economist Magazine, Portugal is not Greece. Greece doesn't like to be the butt of these comparisons, by the way. The finance minister from Greece recently told us that Greece is not Ireland, to which the Irish finance minister responded that Ireland is not in Greek territory. They're both islands but those are the Greek islands. We're over here in Ireland. The secretary-general of the OECD told us that neither Spain nor Portugal is Ireland, and now we're again comparing Ireland. One of the rating agencies, if they have any credibility, recently told us that Italy is not Spain. Now remember I started with Spain not being Greece. Now Spain is the one you don't want to be. There's the Spanish prime minister weighing in saying, "Well, Spain is not Uganda." That's an actual quote from the Spanish prime minister. You laughed the loudest at that one, and I assure you that they're not laughing in Uganda. In fact, the Uganda minister of foreign affairs was quoted as saying, "Uganda does not even want to be Spain!"

We're going to hear more ups and downs on that, more fiscal cliff worries in the U.S. and so on. This isn't smooth sailing. Think where we're going to be by the middle of the year. We have in fact not seen a major default in Europe. If American investors are starting to recognize that the only reason the U.S. economy is so slow was this one-time burden of the tax increase that won't be coming the following year, then investors will, I think, start to recognize that actually, if you start to value equities on the basis of 2014 earnings, there's some real value there. For example, if we look at where the TSX is trading today, it looks slightly cheap based on 2013 earnings, but some analysts who come up with those earning estimates maybe work down the hall from me. They're always a bit optimistic about their stocks. The guys who cover the gold stocks, even the people running the gold companies, are obviously optimistic about the gold companies. We can take those with a grain of salt. If you actually look at a reasonable forecast for 2014 earnings at the TSX today, the earnings yield is sitting at over 8 per cent. That's compared to, of course, bond yields, even on corporate debt, that are far lower than that. If you buy a bond, the coupon is what you get. There's no growth over time in that, whereas dividends or earnings can continue to grow beyond 2014.

Judged against 2014 earnings, actually there are good reasons why, when investors start to look at that—and that may not be until the middle of this year—they start to think that equities are cheap. The result is that I think this is going to be the year for the equity markets of a tale of two hats. The first half of the year we'll be still very worried about fiscal cliffs and Europe falling into the abyss and so on, and maybe even a bit disappointed in the pace of economic growth and therefore profit growth but by the second half of the year, as we look into 2014, I think we're going to see a shift in our portfolio mix. Within the equity market for example, the stocks that people want to own today are pretty much the same as the ones they wanted to own last year and the year before, the companies with less cyclical earnings, the things paying dividends, in the TSX, the REITs in particular. Everything, by the way, is being converted to a real estate investment trust these days. I know one that happens to be on my own street; it's my house. I'm converting it into a REIT if anyone's interested. I'm going to pay myself rent and also a fee for managing the property. There is development opportunity. It's the front lawn. I can't promise you this, but I hear that Target is actually interested in it as a location. Those kinds of safe assets are still the ones that are most, I think, promising for investors in the first half of the year. By the latter half of the year I think that we'll be looking at the energy sector, the metals companies, the kind of companies where stronger global growth actually yields you the greatest payoff.

In the bond market, it's the reverse, of course. The reason bond yields got so low, particularly on government bonds, is that investors didn't want to touch anything else. They didn't want their money in the stock market because they were so worried about global growth. They were worried about all these fiscal risks. We plowed ourselves into government bonds at lower and lower rates. That's the only way we got 10-year yields down to as low as one-and-a-half per cent, which if you think about it, is almost guaranteeing you a negative return after inflation over the next 10 years, because the Bank of Canada is saying we want 2-per-cent inflation. You're locking in a loss relative to inflation. That can only continue as long as investors are as worried as they have been. Again, by the middle of the year, I suspect that investors are going to be looking ahead to a better global economy come 2014 and taking their money out of those safe havens. Yes, the Federal Reserve may continue to be buying 10- and 30-year bonds at least for the balance of this year, but the prospect that that program will come to an end come 2014 and the shift into riskier assets could easily take 10-year yields up to two-and-a-half per cent or even higher in both the U.S. and Canada. With that shift in interest rates and such a low initial coupon, bonds are going to not be the place to be if we look at 2013 as a whole, particularly in sovereign bonds that don't give you the extra yield that a corporate security can have.

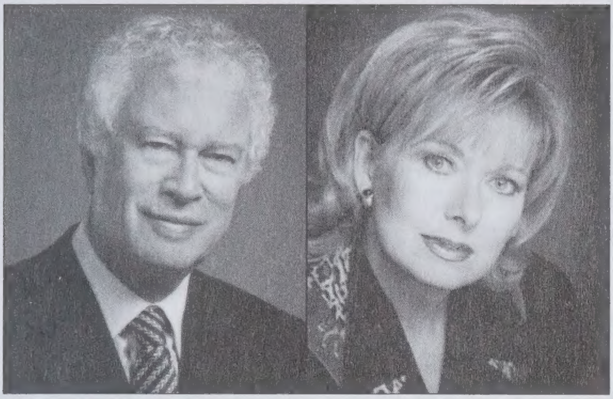
In terms of other forecasts, where does the Canadian dollar go? It's a tug of war in both directions. The current year is not going to be, I think, a strong one for commodity prices, given weak global growth. That tends to be a negative for the Canadian dollar. The nervousness that we still have at least in the first half of the year about global prospects will maintain the safe-haven status and value of the Triple A seal of approval that our government bonds have. I suspect that the result will be that the Canadian dollar a year from now is sitting pretty close to where it is today, as those two forces roughly balance out.

As for the Bank of Canada, as I said, there's no reason for them to raise interest rates in 2013. We could see a small dose of rate hikes from whoever is the new governor of the Bank of Canada in 2014. I think Governor Shenfeld, sorry it probably won't be me, but someone else, whoever's in the chair, will at that point have enough growth to justify a small dose of rate hikes. We're talking about a half or three-quarters of a percentage point over the course of a year, certainly not enough, I think, to create trouble for equities in an environment of improving in global growth.

To sum up, yes we're still unfortunately mired in relatively lacklustre economic times. We still have our work cut out for us in terms of dealing with fiscal issues in Europe, getting China back into play as a major importing country. Canada still needs that strong global growth. If we're not going to get it from housing, we're going to need to get it from capital spending and exports and that takes stronger growth. If you're willing to look ahead to 2014, just like Leaf fans who are constantly waiting until next year—they are still tied for first by the way—you'll have a better year for the global economy as well.

Thanks very much.

The appreciation of the meeting was expressed by Ian Russell, President and CEO, IIAC; Lindsay Semple, CEO, Morumbi Resources Inc.



January 24, 2013

Ken Taylor

Former Canadian Ambassador to Iran

Pamela Wallin

Senator for Saskatchewan

CANADIAN HISTORY REVISITED: AMBASSADOR KEN TAYLOR IN CONVERSATION WITH SENATOR PAMELA WALLIN

Chairman: **Noble Chummar**
President-Elect,
The Empire Club of Canada

Head Table Guests

Mark Romoff, President and CEO, The Canadian Council for Public-Private Partnerships, and Director, The Empire Club of Canada; Elena Semikina, Executive Producer, Film House Inc.; Ralph Lean QC, Partner, Cassels Brock and Blackwell LLP, and Honorary Consul-General, Kingdom of Morocco; Robin Wright, Professor, Trent University, and Bestselling Author of "Our Man in Tehran"; Terry Tsianos, CEO, Pegasus Group of Companies; Gerry McCarvill, CEO and Chairman, Norvista Resources; Vivien Clubb, Vice-President, Providential Pictures Inc., and Associate, IBK Capital Corp.; Alexandra Horwood, Associate Investment Advisor, Richardson GMP Limited; Miller O'Prey, President and CEO, Solvista Gold Corp.; Joe Schlesinger, CBC News Reporter, and Order of Canada Recipient; Sasan Ghanadian, Student, Ryerson University; and Geoff Wilson, President and CEO, Toronto Port Authority, and Director, The Empire Club of Canada.

Introduction by Noble Chummar

Let me first start with Senator Pamela Wallin who really requires no introduction. She is someone whose voice and image is known in every corner of our country. She was the voice on CBC's "As it Happens," the face of "Canada AM" and national news co-host with Peter Mansbridge. Pamela Wallin is an internationally celebrated journalist. She is probably the only Canadian senator with a street named after her! She has no less than 13 honorary doctorates and is a Member of the Order of Canada. Prior to being appointed to the Senate, Pamela Wallin served our country as the Canadian Consul-General of New York. Ladies and gentlemen, Senator and Dr. Dr. Dr. Dr. Dr. Dr. Dr. Dr. Dr. Dr. Dr. Dr. Pamela Wallin.

Our main guest of honour is a man who has spent the last 35 years as a hero to many. He has literally saved lives. He humbly served our country like many of our members of the diplomatic corps, but in Ambassador Taylor's case, he went above and beyond. Since his retirement from diplomacy, Ken has served on many corporate boards including RJR Nabisco and Norvista Resources. Ambassador Taylor is truly Canadian. He is a Member of the Order of Canada and received the U.S. congressional gold medal. He has spent his entire career with his ear to the ground and is an expert in international relations, diplomacy and world affairs. Ken Taylor knows Canada and he knows Canadians. Unlike many, he understands the soul of our country and its role on the world stage.

Patricia Wallin

Well, this is a bit of a thrill. I've got to confess that I first met Ken, I think, in 1981. I was a young reporter. Pierre Trudeau, then Prime Minister, was in New York. Ken was the talk of the town and I was a lowly reporter in the background watching these two men on the international stage. Ken, indeed, was on the international stage as not only our man in Tehran, but America's man in Tehran and the world's man in Tehran with the kind of courage and dedication that he showed.

Ken and I have been talking about what we're going to do today and it is to talk about his story that for many has faded from memory. A younger generation may not know it at all but then a movie comes along called "Argo" and it gives us a chance to celebrate this man again and I think correct the record.

I was watching yesterday as Hilary Clinton, the U.S. Secretary of State, was being grilled on the death of four American diplomats in Bengasi and at one point she said, in trying to explain to one of her questioners, "Well, didn't you see 'Argo?' Don't you know how this works?" I did not know whether to laugh or cry and I kind of opted for crying, that this is how we would start to understand our history.

Ken, when you look at those situations today and you see a Secretary of State citing a movie, how do you react?

Ken Taylor

Well, I think that first we've got to go back to that day in New York.

Patricia Wallin

Oh, no.

Ken Taylor

The Prime Minister is there. I'm in the background and I look around. There's the press and what have you. There's a very attractive young woman in a stylish hat, and I'm thinking, "I hope she asks me a question."

That was a while ago and, of course, since then Pamela's been a distinguished Consul General in New York. I reflect upon a few years I had in New York myself. I think back and I say, "If only I would have done then what Pamela does now." It's difficult when one of your successors outdoes and achieves what you'd hoped to aspire to yourself.

Pamela, back to your question about the movie "Argo." I know it has something to do with Greek mythology, but I always thought it was about a football team. Poetic license has been used by Hollywood.

I think the Senators who were asking the questions missed almost entirely the point that unless you have a host government who is prepared to come and reinforce the security you have inside the Embassy, the game is over. I thought the questions by the Secretary of State were maybe legitimate. I didn't think they were very fair. On top of that, if you remember, Pamela, after Ambassador Pickering and Admiral Mullen did a quick investigation of what happened in Bengasi, the State Department did adopt 27 different measures, which I think have a chance of working, but really, when you think of being a Foreign Service Officer in that dangerous neighbourhood, there's no solution no matter what the Embassy does. If the mob decides to surround the Embassy and the host government doesn't have any recourse, you hope for the best.

Patricia Wallin

You went into this post as a relatively young Foreign Service Officer. You had a young son. He was, fortunately I think for you, away at school, but had to come back at Christmas. The Shah was there and things seemed pretty predictable, but it wasn't long before the seeds of this revolution were growing. With the work that you did, particularly for the Americans in agreeing to provide some information and eventually to house their hostages or potential hostages, did you even have any idea of the risk?

Ken Taylor

I think we gauged it, but I'm thinking back to when I first arrived. The Shah was in power in a relatively tranquil country, very sophisticated, very cosmopolitan, at least in Tehran. I'm thinking back and you try to recapture those days. I can't do much about the colour of my hair. Do you remember Grecian Formula? I was going through one of my drawers the other day and I thought maybe I can recapture something. I was younger somewhat than I am now. I came across this pair of glasses that I wore.

Patricia Wallin

Now we recognize you.

Ken Taylor

I guess they worked.

Patricia Wallin

They were really awful.

Ken Taylor

I thought they were the answer at the time.

Patricia Wallin

The one thing that the movie did do well was capture the tension of the moment. What they did not capture was your role and what you were prepared to put on the line.

Ken Taylor

I think what is forgotten in this is all the work that was done in Ottawa with respect to Tehran. There were really three focal points—one in Washington, one in Ottawa, and one in Tehran. So much was done by my colleagues in Ottawa, not only on giving and taking with the CIA and the State Department, but also making these Americans Canadian. Where do you start?

Patricia Wallin

It's a long road.

Ken Taylor

I have some friends from Philadelphia here and maybe I would like Bill's advice as to what you do to an American citizen to suddenly transform him, as if by magic, into a Canadian. I guess you start with the accent. After that you need papers. What the colleagues in Ottawa did was to provide what you find in your pockets in a normal day.

There were business cards, credit cards, maybe a black book, other identification that makes up the person's persona. That was all done professionally, exquisitely and given to the U.S. diplomats. One way or the other by osmosis and with these documents they suddenly became Canadian.

The movie looks at it from a Los Angeles/Hollywood point of view focused largely on the CIA. We Canadians were delighted to work with the professionalism and resourcefulness and courage of the CIA officers. The CIA really, quite frankly, was a player, but the second-tier player; the movie I think portrays that I was very gifted at opening and closing a door.

Patricia Wallin

The innkeeper.

Ken Taylor

Yes the innkeeper. I was in a hotel recently. I looked at the concierge and I said, "I've done that job."

Patricia Wallin

Not to mention that Victor Garber was way too old to be playing you at the time.

Ken Taylor

As I say, my hair was somewhat of a different hue, but I was maybe roughly early forties and, as you say, arrived with a fair amount of ambition; whereas, Victor, a polished and professional actor, is somewhat older than that. I thought he brought in an air of maturity that I was missing at the time.

Patricia Wallin

Can you walk us through it? I know, for you, this is what you've lived, but I do think it's important that people understand what you went through, what Pat was doing, your wife. She was out working in the city as a world-renowned researcher and working in Blood Services at the time with a young son, knowing that if you took any of this on, your life was at risk. Relations between Canada and Tehran were at risk. You knew that other allies there had said, "No," and that you were the only one stepping up.

Ken Taylor

I think, as most of you know, the first call from the U.S. diplomats was to my colleague, John Sheardown, who tentatively extended a welcome. It was something that we had to check with Ottawa, of course. We set out to Ottawa that this was our intention and Prime Minister Joe Clark and Flora McDonald, who was Secretary of State, came back quickly and assured us that we had their full support. I think the risks we took were sort of minimized in the sense that the country was in a stolid case of chaos. It was in a state of revolution. There were no police. There was no army. There was no government, period. That gives you a fair amount of liberty of movement.

Patricia Wallin

You had Iranian staff living in your home. You didn't know what side they were on.

Ken Taylor

Pat, my wife, handled that aspect. She told them that the two staying with us were on a vacation. A month later, one of our staff, just a fine young man, came up and said, "Madam, they're on vacation, but they don't seem very curious. They haven't been out of the house for a month. Why are they wearing some of Mr. Taylor's clothes?" She said, "Well, you know, you travel light." John and Zena Sheardown had the other four. Pat, of course, was busy herself. She was at the Iranian Blood Transfusion Service; she was giving lectures at the University of Tehran Post Graduate Medical School and also consulting at the Pasteur Institute. I saw her once or twice every month.

The Iranian Blood Transfusion Service was located in the middle of Tehran. That was the heart of the revolution. Both sides, whether you were a revolutionary, a soldier, or rioting, need blood. Even though Pat was on the research side, everything was together in one building. One day, the door blew open and some of the demonstrators, revolutionaries, rioters, came in and said, "We need white coats." They were on a rack. They put on the white coats. They busied themselves. In came the soldiers, "Where are the revolutionaries?" They just kept on their white coats and then eventually went out the back door. Then, the soldiers, as they're prone to do, started shooting in the air. Pat reminded them that there may be people upstairs. That was a typical day in Tehran.

Douglas, our son, came to Tehran. As many of you know now, he's what you'd call a young, mature man, but at that stage he was about 14 and went to the French Lycée. The first month it was good. Then the government said that they can't have a school mixed, and that it was a foreign school, and they'd have to close it for a month. They closed for a month. They started it again, but closed it again because there were threats the school would be blown up.

For a young 14 or 15-year-old (remember that stage of your own life) three months' vacation was wonderful. It soon became clear to him that he was going to lose a year so we sent him to southern France where there was a boarding school. Then comes Christmas and we had our two American houseguests and so we said, "Douglas, here's a ticket back." Douglas says, "Fine." I met him at the airport and I said, "By the way we have two friends staying with us, two American diplomats." He said, "Why aren't they locked up in the compound?" I said, "Well, they got out." They had a good time together. They played a game called Persepolis. It was a game similar to monopoly, except it had oil derricks and instead of Park Avenue, it was Kuwait. Hour after hour, they'd play Persepolis. I think they knew the region geographically quite well, Pamela.

Of course, the other element was that the Canadian Embassy, my colleagues, were in just as much jeopardy as I was. When it came time to narrow down the staff, I said to them, "Look, it's too bad you have to go back." They said, "No, we don't want to go back. We want to stay here until this is finished." I think that's very typical of the nature and character of Canadians overseas, whether they be in the military or the diplomatic corps. For the students here from Victoria University and from Ryerson you may want to consider the public service, consider diplomacy. It's a good game, an odd game, but a good game.

Patricia Wallin

Robert's book came out and we're really pleased to have Robert right here with us today. If you have watched the movie "Argo," go and buy this book and then you will know what actually happened. I don't know how many of you know this but "Argo" premiered at the Toronto Film Festival. If any of you have seen it subsequently, you will know that at the end of the film, there's a crawl on the screen that says, "We'd like to offer our thanks to the Canadian government and the Canadian people." That is because Ken, when he saw the movie, phoned Ben Affleck and said, "The least you can bloody do is thank not Ken Taylor but thank the Canadian government and its people." Robert uses an opening quote: "An ambassador is a man of virtue who is sent abroad to lie for his country."

It's great. Were you a spy in the sense of how we think of it?

Ken Taylor

A friend of mine said the other day, "Well, you're certainly not James Bond." He said, "I think you're more like Austin Powers." I said, "Just wait until I wear my velvet suit."

The U.S., you must recall, found itself at the end of the revolution or during the revolution, without any presence, any diplomats, any CIA agents, no one who penetrated any part of Iranian society. I think what happened is that President Carter told Prime Minister Clark that the U.S. was contemplating some sort of commando raid called "Eagle Claw," but it didn't have any intelligence. They were wondering if this was something that the Canadian Embassy would do. This was really classified, very classified. Robert, being the historian, an investigative reporter, was curious about that too. He uncovered this. Of course, there are the documents. He had the documents. He had the letter and what have you. It became part of the book. What the president asked is that Sergeant Edwards, military police officer from Canada, who was assigned to our Embassy as one of eight military police to monitor the crowd of people every day who were seeking Canadian citizenship, be assigned to do some intelligence about the U.S. Embassy—how would the walls be breached, how many people were in the Embassy holding the U.S. diplomats, what were their habits? Then they asked if a CIA officer could be assigned to the Embassy as well.

Sergeant Edwards was there already. Then one day, the receptionist said, "There's a representative from the U.S. government to see you." It was, of course, the CIA agent. He introduced himself as Bob. I worked with him for two months and never did know his last name.

Patricia Wallin

Or his first.

Ken Taylor

Or his first. Well, Bob was convenient. Both Bob and Sergeant Edwards did remarkable work. I was quite secure back at the Embassy. They were the ones who, for almost a month and a half, looked at the Embassy. Where would the troops, the commandos, breach the gate? What would they find inside? A remarkable piece of work, which each day was sent via Ottawa to whoever in Washington was going to read this.

One day at about 10:00 o'clock at night, as Robert describes in his book…

Patricia Wallin

And after you were finished serving supper to them.

Ken Taylor

Yes. We were sitting around in a melancholy sort of mood, just after I promised them that they'd be home by the Super Bowl. Sergeant Edwards was being held in the U.S. Embassy. I went down to the Embassy. Of course, this spelled disaster. Would Sergeant Edwards be persuaded through interrogation techniques, though I doubted he would, but that was a possibility, to reveal his own efforts on gathering intelligence and then also the six. Everything was open to exposure. It looked as if it was going to fall apart. In the meantime, an enterprising young journalist with La Presse two months ago previous had found out that, in fact, there were six U.S. diplomats on the loose. He thought they were in the Canadian Embassy or on the premises. He went to the Canadian Embassy and asked point-blank. The officer at the Canadian Embassy, as Pamela suggested, lied. One lie a day and you feel better. He said, "Well maybe, maybe not. Maybe." La Presse was persuaded not to run the story. They agreed to not run the story.

In anticipation of that, I rented a villa down the street from our villa with high walls and what have you, knowing that if we had 20 minutes lead time, we could easily move the U.S. diplomats down the street. Then the Iranians could come and we could say, "We have nobody here."

Patricia Wallin

A safe house.

Ken Taylor

A safe house. I had that in mind as a possibility. Sergeant Edwards was with a girlfriend, an Iranian. They were both taken to the Embassy compound. As he said, "I'm just looking at graffiti." They went in and they started to interrogate him. He said to his friend, because they were talking in Farsi, "Tell me when I'm in trouble." After an hour, she said in English, "You're in trouble."

Then, miraculously, he talked his way out of it and one way or the other explained that he was pro-revolution. He was interpreting the graffiti. Why would you apprehend him? So he, as I say, quite remarkably found his way back to the Embassy. He came in at say 1:00 in the morning, and I said, "Well, we're happy to see you." He said, "Yes, I'm fine. It was a rigorous three hours." He said, "I'm here and I'm all set to go tomorrow morning." I said, "Well, you're all set to go tomorrow morning to the airport because here's a ticket to Tokyo." He left that next day. Sergeant Edwards received in a secret ceremony one of the Canadian military's highest decorations and medals for the work that he did. It's in the book. He received really no recognition until just recently.

Patricia Wallin

You'll remember about six or seven minutes ago my question was, "Were you a spy?" I think the answer is yes.

Ken Taylor

We all look back throughout Pamela's career. Once Pamela pierces in on a question or wants the answer, you don't have a chance, particularly in front of 300 witnesses. I was gathering intelligence at the request of the Canadian government, which in turn was asked for it by the U.S. government. Pamela, you're articulate; you can come up with one word or another.

Patricia Wallin

In today's media world, this wouldn't happen, that this story, and your communications with Ottawa weren't on the Blackberry. This was old teletype and telex. If a journalist today found this out and was asked, "Please don't leak this story," it probably couldn't happen.

Ken Taylor

I believe you're right. If La Presse hears a big story and makes an iron-clad agreement not to say anything about this story, it says, "The minute we feel that it has broken we're running it."

I think, if in those days I was in Tehran, we were as technologically capable as now or had a Blackberry or iPhone or what have you, I'd still be in Tehran. My elected officials, particularly in Ottawa, not only in Ottawa, but Toronto, would like to know everything. They have a view, which you welcome. However, if you're in Tehran sensing the situation, you don't welcome any advice or interpretation from Ottawa. We would have been bombarded 24 hours a day, I'm sure, about what to do, about what are you doing now, and about what are you thinking of next. In Tehran at that time, the telephone didn't work, which was good. The only means of communication was through a cipher, which you could read if you wanted or not read, or maybe destroy before you read it. The interconnectedness and the globalization today of the world make it a different game entirely. Sometimes you think back and maybe those simpler days were easier.

Patricia Wallin

What do you think of Canada closing our Embassy there?

Ken Taylor

I think that was a mistake. The British don't have a presence. The Americans have long gone. It seems to me that diplomacy, what a diplomat does, is just as important, if not more important, in a country where you've got an adversary or a relationship than one you're friendly with. If there is a regional superpower in the region, in the Middle East, it's going to be Iran or Turkey. Egypt's going to take a while. This is where you want a presence. The fact that you can't have access to government ministers really doesn't matter because they wouldn't tell you the truth in any event. You're a listening post. Life is difficult. At times it's frustrating, but that's where you want the Embassy, when you're facing a difficult situation with a country that is in the headlines every day of the week.

Patricia Wallin

Listening to Hilary Clinton yesterday and John Kerry again this morning talking about how we're going to deal with these parts of the world, we can't continue to fight wars on every front. Nobody can afford it. The U.S. is facing huge fiscal crises. They're going to cut defence. We've got a country like Iran run by shrewd, smart, but crazy and dangerous people who may have their hands on nuclear weaponry. Is Ken Taylor collecting information on the ground really going to fix that?

Ken Taylor

My ambitions are unlimited. I have no answer to that realistically, Pamela. Of course, there's not much you can do there. I think it would be useful for Great Britain and for the United States to have an Embassy presence in the region. Of course the government could make a valid reason otherwise.

With respect to Iran it has been in the headline news daily. Now it's taken a bit of a different slant, I think, after the Israeli elections this week. It's difficult to say how the coalition is going to stand with respect not only to the settlements, but also to Prime Minister Netanyahu's threats last year to, one way or the other, bombard Iran.

With respect to bombarding Iran, I think it would be absolutely catastrophic. It would set back their program only a couple of years. Any lack of cohesion among the Iranians themselves would result in cementing around some of the more extreme elements in Iran. There are other elements in Iran other than extreme.

Would you take the option of bombing Iran in the threat of them securing a bomb or would you allow the Iranians to develop their own bomb? Not much of a case has been made that it may not be a catastrophic situation for Iran to have a bomb.

A good case could be made in that the Iranians are looking for capability to have a bomb. What they want is a virtual bomb. That is one that they can put together and the world knows they can put it together, but they don't have it. They don't have to test it and then they don't lose their place in the international spectre of inspection.

In Tehran they're governed by self-interest and expediency, but at the same time, there's a status sense to Iran. They see themselves as a country of 2,500 years, 3,000. They're looking around and there are nine countries now that have the capability. They're looking around themselves and wondering, "How about us?"

You can say the leadership of Iran up until now has acted fairly irresponsibly, particularly with respect to their rhetorical viewpoint about Iran. I think, to some extent, the leadership is to blame for its own image. I don't think the discussion is finished yet. We'll see, particularly because Iran this July roughly, is selecting a new president. At that time, a very opaque country may be ready to display its own cards.

Patricia Wallin

I want to talk about another issue that I alluded to at that beginning. When I went to New York as Canadian Consul General, of course Ken embraced me and would take me to restaurants and say, "This is the new Ambassador to New York." They would say, "Ah, Mr. Ambassador Taylor, your successor." It's like nobody in the intervening 20 years had been there because he was still the Ambassador and still the hero of Tehran. I went to some years a dozen events, celebrating this man. The Americans remembered what he had done for them and what he had risked for them. You've spent most of your adult life there since. You live in New York in the far Upper East Side with a great view of the East River, but still remain a Canadian. Somehow it seems to me, you're more a hero there than you are here. I worked a little bit in the Foreign Service. My sense is we've got in this country—we see it in the movie business, we see it in all sorts of businesses—something called the "Tall Poppy Syndrome," and that there you were a hero in the world. Everybody loved you, but were you just a little too big for your britches? At a certain point, you left the Foreign Service and went into business, to Nabisco. That was a great second career in your life and a great time. I'm wondering whether there was some sense that your hero status was un-Canadian in the minds of our own Foreign Service.

Ken Taylor

Well, I think Canadians are modest, unduly modest. Canadians are reluctant to celebrate themselves. It's not much to do with me. It's a certain Canadian characteristic that we find ourselves oftentimes in the middle of a thing. We don't mind that image to a large extent. The Economist magazine, of course, seems to have its eye on Canada in terms of defining this image—"The Great White Melt" and, of course, Canada's national colour beige.

I think this is, to some extent, some of the throes of conscience that Canadians are going through at the moment as they see peacekeeping involved into something quite different. This doesn't seem to quite fit, in some people's minds, the Canadian character.

Patricia Wallin

Their own self-image. Do you regret leaving and making that change and making New York your home in any way?

Ken Taylor

No. I think if you've travelled abroad, borders don't mean much. Sure, there are administrative issues at the border, but particularly if you've lived abroad a lot of your life and the similarities between the United States and Canada are certainly there. In fact, I think, given Toronto's dynamic nature, pretty soon New York will be known as Toronto South.

Life goes on. I think that at that time I just wanted a change. I thought I'd try to get a job elsewhere. Fortunately, eventually I did. Although I live in the U.S. I'm still a Canadian citizen. That doesn't change. I get up to Toronto frequently. Again, New York is a city that really defies national identity. I think, to some extent, it's similar to a city that Toronto is becoming. I can feel quite Canadian in New York, quite insignificant among eight million people. I'm very much at ease. I like the change. I like to work with people I didn't know. I like to work with people whose expectations are rather cloudy. We're happily there still.

Patricia Wallin

And still very much a hero. I know we've got a couple of microphones out in the audience. Put your hands up if you would like to ask the Ambassador a question. I've got a million but, then again, I see him all the time. I can make him answer me at lunch or dinner. Any comments? Any questions that people would like to embrace and engage at this point? There's one gentleman there, a lady there. Please tell us who you are.

Question

Yes, my name is Randy Barber and good day to both of you. It's been an extremely interesting talk so far. Former Ambassador Taylor, unfortunately in Canada you don't carry the title any longer, but I wanted to ask you, as a great admirer of Sir Winston Churchill, whether or not the Churchillian psyche, if I may call it that, has anything to do with the way you thought and the way you've carried out your job up to this point.

Ken Taylor

Well, I think Churchill's image and what he left behind is going to be centuries in length. I think that he expressed the thought and Canadians certainly answered this in some way, that you're bold. That's one characteristic I think of in Canada and Great Britain to a large extent. He never conceded that he was ever going to lose the game. I think he thought that you have to take a chance and that in the back of your mind you probably know that it's going to work out okay in the long run. Certainly that was the intent, I think, when he spoke to the House of Commons and said, "We're not going to be defeated."

Question

I'm curious about the truth of the depiction of the escape of the Americans from the Canadian Embassy as portrayed in the movie, and how much of what was portrayed in the movie, which was certainly very exciting, was actually true.

Ken Taylor

I thought it was exciting too, actually. I found it more exciting than the real thing. It's a movie. Tony Mendez is a CIA agent who was in Tehran for a day and a half, two days. He wrote a book.

Patricia Wallin

Read Ben Affleck in the movie.

Ken Taylor

Ben Affleck, of course. In his book, he said that the departure went very smoothly and it did because there'd been a lot of preparation. The last thing we wanted after having them there three months was to blow it at the airport. The Embassy obtained three tickets for each one—one on Swiss Air, one on SAS and one on BA, just in case one of them broke down. We also told them that if you're troubled getting through the immigration, just say you'll travel another day and come back to our house. They had a backup situation. Their Canadian identity papers were faultlessly done in Ottawa. They did ask a bit about the movie, but not really. They could have been doing anything as long as they were Canadians. They stamped it.

The interrogation in the movie didn't take place. The chase down the runway with the police cars, the 747, although I was on the edge of my seat, really didn't happen. They went through immigration. It tested their courage. It was nerve wracking for them to do it, but at the same time they did it with class and they managed to find themselves on the airplane. I think the one moment of truth in the movie, however, is that once they passed out of Iranian air space I'm sure they drank something stronger than champagne.

Patricia Wallin

How did you and Pat leave?

Ken Taylor

Pat left the night before to Paris. I stayed around with Sergeant Gauthier. This huge cipher machine, the size of a ping-pong table, had to be destroyed. I tried to lift up the sledgehammer. Sergeant Gauthier, a big guy, picked up the sledgehammer with one hand and destroyed the cipher machine. From then on, his name was "Sledge Gauthier."

Question

Thank you, Ambassador. My name is Eileen Carol. I listened with great applause to hear you say or give your thoughts regarding the closing of the Canadian Embassy in Tehran. I fully concur with your point of view. As we watch our diplomacy become less and less nuanced, perhaps a little bit more black and white, do you foresee a propensity on the part of the current government to continue to shut down embassies where they feel threatened or that have become trouble spots?

Patricia Wallin

I probably won't comment on that, so you go ahead.

Ken Taylor

I think past a certain point, yes, you have to close; for instance, in Mali, at the moment. There comes a point where you just can't operate. I always see diplomacy as a very ambiguous issue. Diplomacy is very grey. What's right and what's wrong ethically maybe very clear, but what's right and what's wrong in a country's own self-interest is a debatable point. My summing up really of that question, which is perceptive, is Canada's future is beyond its borders. The idea that a country of 33 million people can sustain itself without having a strong international presence is a myth. Contributing to that is a Canadian presence overseas, whether it be a Canadian Embassy, whether it be a very invigorated Canadian export community, whether it be the newspapers who sustain a foreign presence with some journalists, or the church, tourists, or what have you. Beyond the border, I think, is a good byline for Canadians to search for.

Patricia Wallin

One quick final question. Go ahead.

Question

I just want to say, Senator Wallin, I disagree with you a little bit about Ambassador Taylor not being a hero in this country. He is very much, but we carry our pride maybe with a smaller megaphone. Nonetheless, he will always be the Ambassador to us.

Patricia Wallin

Exactly. If you'll indulge me just a moment, I do want to give my personal and formal thanks to Ambassador Taylor as someone who went into New York as Consul General after 9/11, when that longest, undefended border in the world was at peril really in terms of being shut down. We didn't know what to do. We didn't know how to do trade across a border without security. We were discussing a larger security net that would include Canada and the United States. Canada had concerns about its identity and its sovereignty. We were really in a very tough situation; 87 per cent of everything we made, created and sold went into the United States of America. Because of the goodwill that this man created 30 years earlier, we actually, as diplomats of the day following in your wake, had something to work with and were able to really turn that relationship into something we could salvage, build on and improve. We are talking about the beyond-the-borders deals today and making them a little more reasonable. Without the role of Ken Taylor in more than 32, 33 years ago this month, that would have been a much harder row to hoe, and Canada and America remain friends and partners today. As Canadians, we need to thank you very much.

The appreciation of the meeting was expressed by Gerry McCarvill, CEO and Chairman, Norvista Resources.

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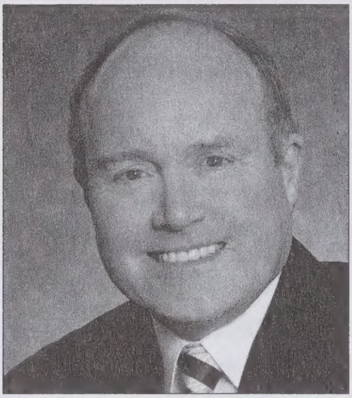


January 31, 2013

Ian Russell

President and CEO, Investment Industry Association of Canada

GETTING THE FACTS: WHAT CLIENTS ACTUALLY VALUE AND DEMAND FROM FINANCIAL ADVISORS

Chairman: **Noble Chummar**
President-Elect,
The Empire Club of Canada

Head Table Guests

William White, Chairman, IBK Capital Corp., and Director, The Empire Club of Canada; Richard Talbot, Co-Head of Global Research, RBC Capital Markets; Charyl Galpin, Co-Head BMO Nesbitt Burns; Bill Packham, Executive Managing Director, Wealth Management and Life and Health Insurance, Desjardins Group; Mario Frankovich, President and CEO, Burgeonvest Bick Securities Limited; Earl Evans, Head of Banking and Financial Services, North America Deputy Global Head of Macquarie Private Wealth, Macquarie Private Wealth Inc.; Mike White, President and CEO, IBK Capital Corp.; Julie Littlechild, CEO, Advisor Impact; Karen Hudson, COO, Advisor Impact; Pat Kimeda, King-Bay Chaplaincy; Tom Caldwell, Chairman and CEO, Caldwell Securities; Richard Carleton, CEO, Canadian National Stock Exchange; Harris Fricker, President and CEO, GMP Securities; David Gilkes, Vice-Chairman, Exempt Market Dealers

Association of Canada; Brian Kumarasamy, President, International Web Development Corporation International Ltd.; Gladys Chan, Student, Joseph L. Rotman School of Management; and Alex Squires, Director, Brant Securities Ltd., and Director, The Empire Club of Canada.

Introduction by Julie Littlechild

Mr. President, distinguished head table guests, fellow members and guests of the Empire Club of Canada, my name is Julie Littlechild. I'm the CEO of Advisor Impact and I'm thrilled to have the opportunity to introduce your speaker for today. Thrilled because that speaker is Mr. Ian Russell and thrilled because I believe that the topic matters. It matters for the investment industry and it matters for investors.

Before I introduce Mr. Russell, I want to acknowledge him and his incredibly bright and passionate team at the IIAC and the way in which the members of the team stepped up to make the research he'll discuss today possible. They recognized that, in order to ensure this industry is delivering meaningful value to investors, we need to hear their voices. And we need to do that in a way that is not anecdotal but objective and based on fact. And they, like we, believe that sometimes the best way to understand what we are doing well and where we need to improve, is simply to ask investors what they are thinking and experiencing and to listen carefully to their answers. He'll be sharing results from new research that did just that.

On to the main event. Ian Russell is the President and Chief Executive Officer of the Investment Industry Association of Canada, a position he has held from the start, April 2006.

Prior to his appointment at IIAC, Mr. Russell was head of the Industry Relations and Representation Group of the Investment Dealers Association of Canada. In his 20-year tenure at that association, he participated actively in many committees and working groups and was actively involved in regulatory and tax issues related to the securities industry and capital markets in Canada. He is a frequent columnist in industry publications and is a presenter and speaker on industry issues and developments. This past June, Mr. Russell was appointed Chairman of the Standing Committee on Regulatory Affairs at the International Council of Securities Associations.

Mr. Russell has an honours degree in economics and business from the University of Western Ontario, and a postgraduate degree from the London School of Economics. He has completed the

Partners, Directors and Officers Qualification Examination and is a Fellow of the Canadian Securities Institute.

With that, it is my distinct pleasure to introduce Mr. Ian Russell.

Ian Russell

Thank you, Julie. It's appropriate that Julie introduced me because she and her firm investment advisor played a major role in the study I am going to be talking to you about today.

Ladies and gentlemen, Canadians are going through tough times, and the investment industry is no exception.

Of course, Canadians are resilient. Just look how long we went without hockey!

Now all the investment industry needs is a mediator to turn OUR season around.

We've been going through a challenging year. In fact, we've been going through a challenging four years, ever since the market collapse.

That's why I'm glad to have some good news to report. Today, the Investment Industry Association of Canada is releasing the results of a national survey of investors, called The Economics of Loyalty. We learned a lot. Perhaps the most important thing is this: Canadian investors have confidence in their own investment advisors.

Of course, investor confidence does not just depend on investors' attitudes toward their advisor. It would be nice if it did, based on the findings I'm reporting today.

Investor confidence is based on several things.

It includes confidence in the direction of market trends. If investors are heavily in cash, it does not necessarily reflect concerns about the integrity of markets, institutions or advice. It may simply be uncertainty about the direction of markets and related investment decisions.

Investor confidence also embraces confidence in the integrity of the functioning of markets and soundness of financial institutions. This has been a particular concern in the U.S., not as much in Canada, given our history of well-regulated financial markets and institutions.

Today I want to focus on confidence and trust in the investing process and advice-giving. This trust and confidence is fundamental and critical, and turns on the investment practice of the advisor, the transparency of the investing process and the relationship with the advisor. This is the aspect of confidence that our survey relates to. The survey confirms that trust in the advisor and investing process is high.

The survey demonstrates that Canadians' relationship with their advisors is characterized by feelings of confidence, clarity and control. We believe that when clients feel confident and in control that it drives a deeper sense of engagement.

The proof of the level of engagement that advisors have with their clients can be seen in a very concrete form. A large percentage of clients say they would be prepared to refer their advisor to their own friends and acquaintances. In fact, a significant percentage of Canadians do exactly that.

Let's keep something in mind. Referrals are not given lightly. When you refer someone to an advisor, you are recommending a professional who will have considerable influence over a friend's hard-earned savings. You are telling them to put their financial future in that advisor's hands. You hardly want to risk a bad experience on your shoulders.

Recommending an advisor is a big decision. And many Canadian investors are making it.

This is especially remarkable when you consider that we are just four years past the greatest financial meltdown in memory.

Obviously, this level of confidence is good news for advisors seeking to expand their clientele.

But it's also good for investors looking to choose an advisor, based on counsel from friends and relatives, people they know and trust.

It's good for the market. And it is a positive verdict on the kind of service that advisors provide their clients and the level of trust they inspire.

A lot of people would be surprised to learn that investors have so much confidence in their advisors. The conventional wisdom is that people have lost confidence in advisors and in the investment process.

But conventional wisdom often consists of a lot of convention, and much less wisdom. Bad news travels fast. Unfortunately, it often leaves truth and accuracy at the starting gate.

Why the common misperception that Canadian investors lack confidence in their advisors?

The facts are that we have seen a perfect storm, composed of market turbulence, low returns, and a few high-profile scandals.

But no one has taken the time and expense to drill down, and get a clear read on investors' views of their advisors.

We made it a priority to find out. What we found is that most Canadian investors are pleased with their advisors. When many clients refer their advisor to people they know, then you know that's a clear vote of confidence.

This should be a yellow caution light to regulators. While effective regulation is crucial to efficient capital markets, regulators would be wise to temper the layering on of additional rules and regulations. Rules can have unintended consequences—and unintended costs. Excessive rules mean excessive costs. And those costs will be borne by the investors.

Reforms are needed. But they have to be accompanied by a careful, thorough cost-benefit analysis before they are implemented. It's better for regulators to think carefully about what they prescribe—especially when some proposed new rules and regulations may be aimed at curing a problem that does not exist. Rather than addressing investor concerns, regulators may only be addressing perceptions of investor concerns—amplified by a ubiquitous Internet and a 24-hour news cycle.

I'll give you some details about the attitudes of Canadian investors in a few moments. But first let me explain why the survey was needed, and how we conducted it.

Getting the most out of your RRSP is one of the toughest financial challenges for anyone without a good defined benefits retirement package. Investors want financial peace of mind and therefore want to make sure they're getting the best possible help to achieve it.

Particularly at the premium end of the market, clients prize quality, trust and long-term relationships.

So, how well does Canada's investment industry stack up in meeting that demand? That's what we set out to learn.

We partnered with the firm Advisor Impact to conduct a survey to find out specifically what clients value and expect in their financial advisor relationship.

When it comes to measuring investor expectations, experience and attitude, Advisor Impact is the gold standard. Its founder and CEO, Julie Littlechild, is a recognized expert on client engagement and loyalty. In fact, Investment Advisor magazine named her as one of the 25 most influential people in the U.S. advisor community, in both 2011 and 2012.

Advisor Impact has been studying the Economics of Loyalty in the client-advisor relationship for many years, in several countries. They initiated the Economics of Loyalty study in the United States in 2008, and replicated it there in 2010 and 2012. They conducted it in both Canada and the U.K. in 2011 and 2012. Advisor Impact currently conducts this research every year in all three countries.

We launched the Internet-based Canadian study of over 1,000 investors in September 2012. The study included investors who work with a financial advisor and—more than that—made or contributed to the financial decisions in their household. So we're talking about investors with practical experience in dealing with an advisor. The goal was to find out what they expected from their advisors, and whether they were getting it.

The information we gathered will be helpful to the industry. Most importantly, we wanted to better understand the client perspective in the investing process.

So, what did we learn?

First, Most investors feel their advisors create value. Over 60 per cent of investors feel the value they receive from their primary advisor is "high." Only 9 per cent felt it wasn't.

Almost two-thirds of clients say they receive high value relative to fees paid. And, let's be clear about one thing—that's consistent regardless of portfolio size from those with investable assets from $50,000 to over $1 million. Canadians with portfolios of all sizes believe their advisor delivers high value relative to fees.

And Canadian investors recognize that an advisor's value to them goes beyond investment returns. More than three out of four investors agreed that their primary advisor adds value above and beyond market performance.

For the surveyed investors, defining or articulating investment goals is as important as achieving investment performance. The survey found that 64 per cent of clients indicate they are very clear on their financial goals.

Finding Number Two: Most clients have a sense that they have control of their own financial future. More than five out of six clients surveyed say they feel that kind of sense of control. And as many feel confident they will reach their financial goals.

Finding Number Three: As I indicated, clients trust their advisor. Again more than five out of six investors say they have a high level of trust in their primary advisor. Three quarters trust the firm for which their primary advisor works.

Finding Number Four: Clients consider that they have a deep and engaged relationship with their advisor when he or she does three things:

- First, seeks input from the client and incorporates it into investment advice;
- Second, works with family members in multi-generational planning; and
- Third, makes active use of financial and estate planning.

In short, an engaged client considers the advisor at the centre of the client's financial life.

What is an engaged client you may ask? Engaged clients are more open to advice and investment ideas and are more active participants in the markets. Engaged clients are not only comfortable referring their financial advisor to a friend, family member or colleague, they have actually done exactly that in the previous 12 months.

If you want to get the clearest sense of the level of confidence that Canadian investors have in their advisors, just think about this. What's the best sign of trust and confidence in a professional, any professional? Whether you would recommend them to the people closest to you. That's the ideal of client engagement. It is the truest reflection of client satisfaction.

How many investors are prepared to recommend their advisor? More than four in five investors say they would be comfortable doing that. In fact, it turns out that one in four clients have referred friends or contacts in the past year alone.

This represents a significant increase from 2011. It signifies a substantial increase in advisors' perceived value, over and above market performance.

Engaged investors are not just more price conscious, they are more value-conscious—a trait increasingly common in the financial-services industry.

They are more likely to want an opportunity for feedback.

They are more likely to have a written financial plan.

And they are more likely to work with a financial advisor who provides a family-based approach, working across generations.

Referrals are not just important to the advisor who benefits directly from them. And not just to the industry. As I mentioned, they are important to growing the investing public. And they are important to building a base of engaged investors. These investors ensure that the market fulfills its functions of providing capital for economic growth and maximizing the efficient allocation of capital in the market. Engaged clients are clearly important to the marketplace. To assist advisors in creating engaged clients by deepening their relationship, the Investment Industry Association of Canada will be working with Advisor Impact to conduct workshops teaching advisors the techniques of client engagement.

In the midst of all of this good news there seems to be one apparently negative result that stands out. Despite the high level of trust in their advisors, only 32 per cent of Canadian investors trust the investment industry as a whole.

That was one of the relatively few discordant notes in the survey. It's also rather puzzling. After all, if five out of every six investors trust their advisor, and three out of every four investors trust the firm their advisor works for, how come only one in three trust the investment industry as a whole?

Well, what we might be seeing here is the difference between personal experience and second-hand information.

When it comes to assessing their own advisor and their own advisor's firm, investors base their opinion on personal experience. But when they are asked to rate the industry as a whole, they fall back on the only reference points they have—the news media, the Internet, and other sources of second-hand information. So, not surprisingly, that gives them a negative impression.

The media's job is to focus on events that make news. The legions of investment advisors doing their jobs honestly, fairly, and diligently don't make news.

But let's not forget that the Economics of Loyalty survey offers considerable good news for the industry and for the Canadian marketplace.

Just consider what investors have experienced over the past four years. They have gone through unprecedented financial shocks, market volatility and an extended period of market malaise. They have seen their portfolios take substantial losses and then make significant recovery.

Yet throughout all this market turmoil investors have retained high levels of trust and confidence in their advisors, and derived significant value from the advisory process.

Despite this good news, the challenge remains to do even better. Many advisors in the industry must work to deepen and widen the financial relationship with their clients. This penetration of the client relationship takes investor confidence and the execution of financial decisions to an even higher level. More active market participation strengthens the savings-investment process in our capital markets, and contributes to better growth and job creation in the economy. Advisors can help make this happen by moving to the centre of their client's financial lives and delivering financial peace of mind.

Thank you.

The appreciation of the meeting was expressed by William White, Chairman, IBK Capital Corp., and Director, The Empire Club of Canada.

February 5, 2013

Thorsten Heins

President and CEO, BlackBerry

AN EXCITING FUTURE FOR BLACKBERRY

Chairman: **Robin Sears**
President, The Empire Club of Canada

Head Table Guests

Verity Sylvester, Founder and Managing Director, CV Management, and Past President, The Empire Club of Canada; Anthony Lacavera, Chairman and CEO, Globalive Communications, and Chairman, WIND Mobile; Tim Reuss, President and CEO, Mercedes-Benz Canada; John Studzinski, Senior Managing Director and Global Head of Blackstone Advisory Partners LP; Sabine Sparwasser, Consul General, Consulate General of the Federal Republic of Germany; Barbara Stymiest, Chairman of the Board, BlackBerry; Nadir Mohamed, President and CEO, Rogers; Andrew MacLeod, Managing Director of Canada, BlackBerry; Thomas Beck, President and CEO, Canadian German Chamber of Industry and Commerce Inc.; Jan Heck, President, Miele Canada; The Hon. David Peterson, Former Premier of Ontario, Director, Rogers Communications, and Chairman, Cassels Brock and Blackwell LLP; Captain Don Aitchison, Chaplain, Trinity College School, and Chaplain, 48th Highlanders of Canada; Ana Klimovic, Student, University of Toronto Engineering; and James Baskin, Chairman and CEO, Pragmatic Conferencing, and Director, The Empire Club of Canada.

Introduction by Nadir Mohamed

Good afternoon. Welcome everyone.

It's a pleasure to be here today to introduce Thorsten Heins. The past week, frankly the past year, has been nothing short of a whirlwind for Thorsten, for the whole team at BlackBerry.

As I reflected on the significance of today, I immediately thought about the early days, about the launch of the first BlackBerry.

It was in 1999 when Rogers and BlackBerry introduced the first BlackBerry to Canadians—a wireless handheld that offered basic email and two-way paging, the first mobile messaging application. It is hard to believe that was only 13 years ago!

In those early days I remember trying to pitch the BlackBerry 950 to Canadians. Some of you will recall the hybrid pager with the track wheels. I can share a quick story with you. I remember calling Jim. He and I were speaking at a conference with about 250 CEOs attending. The idea was simple. Jim, you provide the devices for free, and we'll provide a year's service for free. Let's seed the market. Imagine 250 CEOs being trained to use the BlackBerry with the first slide showing them how to turn the device on; it was mayhem in three minutes!

By the way, 30 per cent of those CEOs signed their companies up for BlackBerry service that day.

There's no question that this first BlackBerry started a phenomenon—one that's helped transform how we communicate and how we conduct business.

We started using devices for voice services and soon added text and basic email. We quickly graduated to more advanced data services like Web browsing, live streaming and file sharing.

Looking back the past was defined by connectivity, the ability to secure a connection, wired or wireless, to connect to the people and things that mattered most.

Looking ahead, the future will be defined by applications and services—or mobile computing—unleashing the power of the data, the services and the experiences that go with the connection. This is a seismic shift and one that will create many exciting opportunities for businesses and consumers alike.

In the future your device will bring your professional and personal life together. Your device will become your virtual wallet, your security pass, your smart metre reader, your delivery dispatch, your collaboration tool.

From the first BlackBerry to last week's launch of the BlackBerry 10 platform, the continued advancement of the smartphone ecosystem is essential to help this new world become reality.

I can tell you our customers have been anticipating the arrival of BlackBerry10. Thousands have registered for this new device using our National Reservation System and I saw this enthusiasm firsthand earlier today when we sold the first BlackBerry 10 device at one of our retail stores.

Rogers and BlackBerry have a wonderful shared history—one that has benefited consumers, businesses and our country.

Shortly after his appointment as CEO, one of the first things that Thorsten and I did together was host some of our corporate customers for dinner. I was really impressed with how passionate he was about mobile computing and importantly how interested he was in listening and learning from our customers.

Thorsten joined RIM, now BlackBerry, in 2007 and has held a number of increasingly senior positions.

Prior to BlackBerry, Thorsten held several executive positions in the wireless industry including Chief Technology Officer for Siemen's Communications Division.

He was appointed CEO of RIM in January 2012 at one of the most challenging times in the company's history.

Despite the challenges he's kept his balanced perspective, laser-like focus and commitment to making the tough decisions and getting the job done.

He's said publicly that he took on the CEO role because he knew BlackBerry had it within itself to deliver leading-edge, innovative products to customers. And he's carried this belief and this intense commitment with him.

Please join me in welcoming Thorsten Heins.

Thorsten Heins

Thank you Nadir. What an impressive gathering this is today.

It's an exciting day for BlackBerry and for Canada. We're marking this historic day for BlackBerry with an important and long-standing partner.

I have just come from a Rogers store on Bloor Street and the excitement and passion of so many BlackBerry fans is energizing. It's incredible, how many people are so excited to take home the all-new BlackBerry Zed 10.

Rogers was with us when BlackBerry first changed the face of communications in 1999, so it only seems fitting to mark the first day that Canadians can get the BlackBerry 10 in their hands standing side-by-side with them here.

Let me just say how proud I am to lead a true Canadian company, one that has changed the world, a Canadian company whose brand is well known and respected in 175 countries across the globe.

Knowing that Canadians stand right behind us as we roll BlackBerry 10 out across the world gives us the confidence we need to keep moving down the path towards a future defined by mobile computing.

Many of you may be wondering what I mean by mobile computing.

I'll get to that soon.

But first, remind yourself that 14 years ago, right here in Canada, a small company called Research In Motion initiated the greatest change the mobile communications industry has ever seen.

BlackBerry created the smartphone category.

And it is right here, at home in Canada, where with BlackBerry 10 a new category is being forged, one that has mobile computing at its heart.

We've seen the industry move from narrowband to broadband, from analog to digital and now we intend to lead the move from mobile communications to true mobile computing.

What does that mean?

The last five years have seen rapid advances in mobile technology. Today, mobile users have the power and functionality of a laptop computer in a device they carry around with them. We are at a point in the near future where the BlackBerry is your computer. You take it with you and work from it no matter where you are in the world.

How many here travel extensively for work?

What if I told you, we are not far off from a day where the BlackBerry is all you need when travelling. Where BlackBerry is your security swipe for access to all global locations of your organization. Where you arrive at any location and set this in a dock with a screen and keyboard in front of you and you begin to work from anywhere in the world. It is all right here.

Let me bring you in on a secret. Since I started using my BlackBerry Zed 10, I have purposefully avoided my laptop. I haven't opened it in over three weeks. And I have to tell you it's been liberating! Using the power of BlackBerry 10 and my BlackBerry PlayBook I have been able to keep moving through one of the busiest times in my life.

This is a small example of where we are going. Smartphones and the mobile Internet are rapidly bringing knowledge, basic services and opportunities to all corners of the world.

In many Western countries, smartphone penetration is already at 50 per cent and growing quickly. This is empowering individuals and transforming the relationship between governments, businesses, and the customers they serve.

Mobile is changing the way we buy goods: 42 per cent of Canadian smartphone owners have purchased a product using their phone.

Mobile has transformed the business world, enabling new ways of working, and opening up new ways of communicating with and delivering products and services to customers.

According to IDC, by 2015, the world's mobile worker population will reach 1.3 billion. That's nearly 40 per cent of the total work force.

Perhaps more significantly, mobile technology is now the primary driver for Internet adoption in developing markets. In Africa for example, half of all Internet connections are exclusively mobile.

In many cases across developing nations, people's first experience with the Internet is on a smartphone.

Although smartphone penetration is still low by Western standards, the growth BlackBerry is seeing in countries like Nigeria, South Africa and Indonesia will see them catch up quickly.

BlackBerry has been at the forefront of the smartphone revolution. Our 79 million users across the world are testament to the role that BlackBerry has played in bringing the benefits of smartphones and the mobile Internet to both developed and developing markets.

Today we stand at the dawn of a new era of mobile computing. An exciting future lies ahead where our mobile devices will further simplify and enrich our lives by interacting with the systems around us and automating day-to-day processes, whether it is the cars we drive, the transport networks we travel on, the shops we frequent, or the way we communicate and share with others.

And this isn't just theoretical. At January's Consumer Electronics Show, QNX displayed their incredible concept car and just yesterday we announced an exciting new partnership with the Mercedes AMG Petronas Formula One Team. The entire team will run the BlackBerry 10 platform helping to realize the immense power of BlackBerry 10.

The auto industry is where QNX is strong and we will continue to realize the future of mobile computing with BlackBerry 10 through partnerships like that of ours and Mercedes AMG Petronas.

BlackBerry 10 represents the first step in realizing our vision of the future of mobile computing.

As I said last week at our launch event, BlackBerry is on a journey of transformation. A journey to not only transform our business and our brand, but one, which I truly believe will transform mobile computing.

The incredible teams at BlackBerry were able to develop a new platform from the ground up in an incredible amount of time. Most importantly they did so while remaining completely focused on getting it right.

It was a privilege last week to bring BlackBerry to a new starting line and as a new journey begins to unfold today, I want to take a moment to look back at the path we took to get here—to help us understand where we are going.

Two years ago, we made the decision to build an entirely new platform instead of adopting somebody else's. We knew this decision was risky but we also knew that we were capable of turning this vision of mobile computing into a reality that would ensure our future success.

BlackBerry 10 is a platform that was written from the ground up. It took the incredible operating system that Ottawa's QNX had created, kept the BlackBerry DNA and blended innovations from across Canada and the world.

We knew that what we were building would soon give people more ways to connect their mobile experiences and their information no matter where they are. No matter what machine they are using. No matter what they want to be connected to. We've created a platform that can connect you. We've created a platform that is able to work with other machines to extend you and your information beyond a mobile device to a car, your home, or wherever you are.

That is how we took things from a vision to reality. We provided this technology, this BlackBerry 10 and its promise, to the world.

Our entire company has been on an incredible journey for the thousands of Canadians employed by BlackBerry and their colleagues around the world and for the many BlackBerry fans who stuck with us for the ride.

We had to make heart-wrenching decisions to turn this company into a more agile organization and to make changes to the culture of our company that ensured we were focused on execution and delivery.

We've transformed ourselves, inside and out.

Of course this includes a change in our name. We're now BlackBerry through and through.

And I truly believe that BlackBerry 10 brings something entirely different to market.

This device was built with specific users in mind—people who are hyper-connected socially, multi-taskers and people who have an appetite for getting things done quickly and easily.

I see heads nodding here. This is good! I had a feeling that this room would be filled with the very people I am describing.

The BlackBerry Zed 10 is for people who want to get the most from their smartphones in both their personal and professional lives.

Take this room as an example. How many in this room carry around two smartphones?

Don't be shy.

One for work and one for personal?

Many people find themselves today with two phones. So we've introduced something called BlackBerry Balance.

On BlackBerry 10 you have a personal and work device in one. It offers further protection of Intellectual Property and corporate data by separating personal information, apps and content from corporate information. Think of it as two devices in one. You can have all of your business applications on the work side and still have games to help focus the mind when you need to, such as Texas hold'em, cut the rope, or angry birds! Your IT administrator will never know your score.

So BlackBerry Balance is just one of the many innovations of BlackBerry 10. And I encourage all of you to take a moment to see the product for yourselves before leaving this afternoon.

Innovations like BlackBerry Balance are integral to BlackBerry 10, a platform we are convinced will carry us into the next decade.

Over that decade the continued development of mobile technology and services will bring about rapid change for all organizations.

It is crucial for organizations to realize that they are now constantly connected to their customers/citizens. They must also know that customers are more empowered than ever before, whether they use mobile to seek an alternative provider, to ask questions, voice concerns, or to promote or damage the brand within their contact circles.

Engaging the mobile consumer requires a change of mindset. It needs us to embrace mobile platforms as a primary business and communications channel. Doing so will change the global business landscape. All of us, government and industry, must start thinking mobile first when it comes to the way they engage and serve the consumer or risk being left behind. Clearly the potential is huge. Canadian businesses and universities have an incredible opportunity to capitalize on this potential and ensure that it is realized.

So then, what does mobile computing mean for Canada? Potentially, a great deal!

I recently attended the World Economic Forum in Davos and I can tell you that the world's leading businesses, NGOs and heads of state are focusing more than ever on the importance of mobile technology. Something is happening here. They "get" this.

Mobile computing and the emerging "Internet of things" is a significant new development that can boost productivity, spark economic growth and add greatly to the quality of life of people all across our planet. And right now, we could use a lot more of that.

Mobile computing is the next paradigm in connected communications. We are moving, rapidly, from our almost ubiquitous use of mobile technology for personal communications to a new world of people-to-machine and machine-to-machine communications.

It's a world of mobile connected cars, trains and planes, but also one of remote health-care delivery, more efficient energy management, secure mobile finance and much faster and more efficient businesses.

For some of us, it may mean having your car park itself at the airport, pay and pick you up upon return. For others it may mean billions in savings through more efficient power usage. And that is exactly why we have developed our new BB10 platform.

So who is leading this shift to mobile computing?

Certainly many of BlackBerry's Fortune 500 customers are emerging leaders and not the least, our carrier partners here in Canada.

Just this past fall, CIBC and Rogers completed the first mobile credit-card transaction in Canada on a BlackBerry smartphone. This is the type of cross industry collaborative innovation that will continue to build and secure a leading position within mobile computing.

Over the past year I have had the good fortune to meet with many of my customers and carrier partner CEOs. They "get this" too and many are asking how they can use secure mobile computing solutions to ensure their competitive edge.

We all have a big interest in this shift. Mobile computing can not only change the way we work, communicate and spend money—that is less—it will have the power to transform our health-care system, strengthen education, and significantly increase our energy efficiency.

Today, nations such as South Korea have adopted an aggressive industrial policy to support their champions in the mobile sector. The U-Korea initiative (which stands for Ubiquitous Korea) is aimed at fully leveraging the Internet in all aspects of society.

India's national e-Governance Plan also has mobile computing at its core. That includes the use of mobile technology to reach the remotest village in India to help deliver health care, education and ensure the digitization of records. BlackBerry will be part of that effort and we are now backed by more than 38,000 India-based applications developers currently developing for BlackBerry.

The world is moving and I would believe that Canada has an opportunity to secure a pole position at the forefront of the emerging Grand Prix of mobile computing. Think of what could be accomplished with having industry, government, and citizens alike coming together with our tech sector, tuning our engines, and putting a formula one "M-Canada" on the track. It could become a defining advantage for our country.

And what could that entail?

First, I would say our private-sector players, large and small, have to lead the way to the mobile computing revolution. Our best engineers and entrepreneurs must be the ones to pick the breakthrough areas of study, innovation, R&D and the drive to commercial success. They are the backbone of an M-Canada strategy.

Canada can also build on an already powerful ecosystem of innovative companies, universities and collaborative technology groups across Canada with great experience and expertise in this area of technology. At BlackBerry, we are especially proud to work with outstanding groups like Communitech, the Accelerator Centre, and our many educational partners and co-op students.

Another important group to participate would be our government, at all levels. It is pivotal in ensuring we take the opportunity that is ours by ensuring we maintain an internationally competitive framework of tax and other frameworks to attract, foster and hold onto the best and brightest in this field.

Government policy leadership can make the difference between a Canada with competitive mobile technology companies and Canada as THE place you just have to be, if you are going to be at the forefront of innovation in Mobile Computing.

The reality is this change is coming. It will impact all of us. We are going to need to work together to fully benefit from the change, but also address some major hurdles.

An M-Canada strategy would help us define our approach to several major global issues, which will impact this journey. Here are just three:

First, working with Telcom operators and governments globally, we can find solutions to the major infrastructure investments required to deliver reliable mobile broadband to the world's population and a fast expanding user base of people, cars, machines that will insist on a secure, reliable mobile connection.

This will include making the most efficient and effective use of that precious and finite resource—radio spectrum. Canada's carriers are leaders in this area. Innovation will play a key role and Canada has and must continue to have an influential voice in this critical area.

Second, we simply must come together to address the dysfunction of our international legal system concerning the defence of patents. This past year our sector spent almost $30 billion in courtrooms, particularly U.S. courtrooms, defending cases against non-practicing entities, or "patent trolls" that produce nothing.

Patent trolls hold genuine innovators hostage and patents have become weapons in an international technology arms race. This is crazy. We have to shift our resources from litigation back to innovation, investment and job creation. That will require some practical but achievable reforms, particularly in the U.S. and Europe. Here again, Canada can make a difference.

And third, together we can find the right balance between our desire for privacy and open access in our mobile communications. We are all faced with the legitimate challenges of ensuring the security of telecom, electric and related networks that make up the mobile world along with the general public, against cyber criminals. Here again, Canada is home to some of the world's most advanced technologies for ensuring safe and secure mobile communications. Canada is home to some of the world's most respected experts and leaders in m-privacy.

None of these challenges are easy, but if we address them together solutions will be found and Canada will maintain a front-row seat in the emerging world of mobile computing. Canadians will benefit with the high-quality employment and the high quality of life that derives from an innovative, value-added technology economy.

I believe that BlackBerry is in an enviable and possibly unique position with our new BlackBerry10 platform to place our customers at the forefront of the coming mobile revolution.

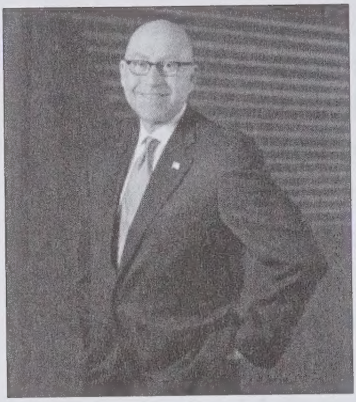
I think Canada also has a tremendous leadership opportunity through an "M-Canada strategy" to build the value-added portion of our economy and make Canada a magnet for high-end technology employment, investment and quality of life.

I have been lucky to travel around the planet in this last year talking to world leaders, global businesses and consumers. They all understood the vision we had for BlackBerry 10 and the future of mobile computing.

And today I've never felt more certain that our vision is becoming a reality and many others also share that vision.

And today, being in Toronto, in Canada, being home, the excitement out there shows me that Canada can be the driving force in the next phase of the mobile computing era. There is no place I would rather be.

The appreciation of the meeting was expressed by James Baskin, Chairman and CEO, Pragmatic Conferencing, and Director, The Empire Club of Canada.



February 14, 2013

David Jacobson

U.S. Ambassador to Canada

WHAT OBAMA'S SECOND TERM WILL MEAN FOR CANADA

Chairman: **Robin Sears**
President, The Empire Club of Canada

Head Table Guests

Mark Romoff, President and CEO, The Canadian Council for Public-Private Partnerships, and Director, The Empire Club of Canada; Jerick Cabalquinto, Student, Monsignor Percy Johnson CSS; Captain Neil Thomsen, Evangelical Lutheran Church of the Reformation, Kitchener Regimental Padre Royal Highland Fusiliers; Jim Dickmeyer, U.S. Consul General, Toronto; Jeff Brown, Executive Vice-President and Chief of Strategy/Procurement, Porter Airlines; Harry Seymour, Past President, The Empire Club of Canada; Geoff Belsher, Managing Director and Co-Head, Wholesale Banking, CIBC World Markets; and Geoff Wilson, President and CEO, Toronto Port Authority, CEO, Billy Bishop City Airport, and Director, The Empire Club of Canada.

Introduction by Robin Sears

May I say, Your Excellency, how impressed I was by the professionalism with which you and your staff at the Embassy and here at the Consulate handled the distribution of the State of the Union message earlier this week.

As a communications guy and a former diplomat, I am used to getting speech texts a few days after the event from government departments, or occasionally from embassies these days, an email with links to an edited transcript on a Web site.

The White House and your team are in a different league.

For any political junkies or communications strategy folks here today, may I say go to whitehouse.gov and be stunned. Open the State of the Union page and you'll see a Hollywood production of President Obama's speech, complete with integrated graphics, animations, video, and social media threads.

This went up soon after the President sat down and was blasted by Embassy and Consulate staffs here and I am sure around the world to everyone on their lists.

Impressive conception and execution. An exemplary demonstration of modern public diplomacy.

Ambassador Jacobson was an early supporter of Barack Obama and has been a devoted advocate of his administration here so I am sure that your staff knew it would have been a hanging offence to fail. Nonetheless, well done!

Ambassador Jacobson was a senior lawyer for 30 years in Chicago before entering the world of diplomacy. He also served as a presidential adviser before coming to Canada. He is one of those Americans who already had a good knowledge of Canada before his appointment, and since his arrival has travelled the country from coast to coast. His humour, his sincerity and his passion have won him many friends in Ottawa and in communities across Canada.

At the risk of making His Excellency blush I cannot resist telling a story in the words of his partner in this mission, his wife Julie.

A few weeks before the election, there were mutters among the self-important in Ottawa about why they had not been invited to the Ambassador's residence for election night. Sharing a table with Mrs. Jacobson at an event in October I dared to gently raise the question with her.

She laughed loudly, and said, "Tell everyone not to fuss; no one is being invited!" I looked baffled, and she added, "David is such an election night worrier, that I will not plan an event unless the President is up 10 points in the polls! Otherwise, if it is a close election, David will simply abandon our guests for his library and glare angrily at the television all night!"

She relented. It went alright on the night and we are delighted to still have one of our most popular U.S. ambassadors with us and here today. Excellency, the podium is yours.

David Jacobson

The story you tell about election night is really true. I am the world's worst at watching election nights. I think anyone who has been involved in politics probably appreciates this. These are moments of great nervousness. My wife was actually referring to another election night, another presidential election night, that we were involved in several years ago. I had been very involved in the campaign and we decided that we were going to invite everyone who had done anything with me over the course of the election season to my house and that was a lot of people. There were a couple of hundred people at my house. They were all there watching TVs. It started out with the night going quite well, but as the night wore on it got a little worse and a little worse and I disappeared. I went up to our bedroom, called my headquarters and asked what was going on. My wife came upstairs and said we have 200 people downstairs. That is what she had in mind. This time we were by ourselves. I told everyone I was going home, getting into my pajamas and sitting in front of the TV, but this one worked out better than the last one.

First of all it is great to be back among friends. It is great to be here in Toronto. I want to thank Robin for those kinds words. I want to acknowledge my friends from Porter, Geoff Belsher from CIBC, Geoff Wilson from the Airport Authority and Councillor Michael Thomson, who I think most of you know here as the Chairman of the Economic Development and Culture Committee of the Toronto City Council. In my family he is known as my wife's co-chair of a project that they are working on—a cultural exchange between Chicago and Toronto. My wife is sometimes quite a bit fonder of Michael than she is of me. I used to worry about that.

What I thought I would talk to you about today is what to expect from the second Obama administration and I will tell you at the start I am an optimist. I am an optimist about most things, but I am particularly optimistic about the President's second term although someone reminded me of what Oscar Wilde said: "Optimism is borne out of sheer terror of the alternatives." I think that might apply here. If it doesn't go well the alternative is not a pretty sight. The President has given two speeches over the last three weeks—the inaugural address and the State of the Union address. I think they do a very good job of setting out what his priorities are and I want to talk a little about those priorities and how I think they will play out and perhaps what some of the implications are for Canada. Save all your questions and I will be happy to answer them when I am finished.

The President's first priority, without question his biggest priority, is to fix the long-term fiscal imbalance with our government, to get our economy back on track. And as I have said repeatedly while I have been here, the single most important thing the United States can do for Canada is to get our economy fixed. When we do well you do well. There are two distinct parts in what the President needs to do. One of them is to reduce spending, particularly to reduce spending over the long term, and the other, and this is a wonderful phrase, is called revenue enhancements. Most of us would refer to those as taxes. The fact of the matter is we need to both adjust our spending and to increase our revenue. You cannot balance our budget or come anywhere close to balance by simply cutting what some people would refer to as non-defence discretionary spending. That is everything except our entitlement programs and defence spending. All the money we spend on the roads, all the money we spend on research and development and all of that non-defence discretionary spending is 18 per cent of the federal budget. The budget is out of balance by 30 per cent. There are a lot of smart folks in this room, I know many of you, and if any of you can explain to me how we can reduce 18 per cent enough to make up 30 per cent I'm with you.

The President said two nights ago that what we need to do, and I think there is some consensus among economists in at least my country and probably globally, is to reduce our deficit by four trillion dollars and the period that people have focused on is a 10-year period. I always make a mistake when I say that by saying million or billion because I am a small-time guy. Four trillion dollars. That is a lot of money. We have already locked in two and half trillion dollars of those savings. Mostly it has been spending cuts. Some of it has been tax increases. This is the deal that was made at the beginning of January when we locked in the rates for all but the top 1 per cent of revenue earners of the United States. For the top 1 per cent of revenue earners taxes were increased by 4.5 per cent. But that still leaves a trillion and half dollars between spending and taxes that we have got to address.

On the spending side we have to focus on all of the budget. We can't just look at a small piece and say we are going to buy less copier paper at the State Department and that is going to balance the budget. It is just not going to work.

The biggest entitlements, the ones that get the most attention, are Social Security and Medicare. Entitlements in my country, I think it is probably the same in your country, are funds that are dispersed by the government to meet certain requirements. When you get to be 65 years old you get Medicare, you get Social Security. If you are over a certain age you get Medicare. If you are below a certain income level you get Medicare. The President has indicated that we have got to tackle our entitlements. One of the things that he said the other night, which probably has not got as much attention as it probably should have, is that he said he supports Medicare cuts. That may turn out to be a source of compromise as we go forward. There are going to be cuts in defence spending. The amount of money that the United States spends on defence is sometimes shocking to people. Half the money in the world that is spent on defence is spent by the United States. We spend more money on defence than the next 11 countries combined. We spend more money than China and Russia and Canada and France and the UK, the next 11 countries. Add them together and we outspend them. That is not something that can be sustainable over the indefinite future and we are going to have to make adjustments there.

The third area, and there are going to be cuts here, but this cannot bear the whole burden of deficit reduction, is defence discretionary spending. And that brings us to another of one of my favourite words—the sequester. This is not a word that people use in their normal parlance day by day. Particularly this was a deal that was made by the Republicans and the Democrats during the debt-ceiling crisis over the last manufactured crisis that we had. The debt-ceiling crisis was about 18 months ago. This is contrary to what some people have suggested, not something that anyone wanted. This was a poison pill. It was more or less having cuts and not defence discretionary spending cuts across the board somewhere in the range of eight to 10 per cent, a little bit different per category. And the view was so distasteful to both sides that they would sit down and work out a deal and work out a much more rational system for cutting our expenditures. Well at least up to today that hasn't happened.

They were extended once but on the first of March the sequester is supposed to take place. And as the President said the other night this would be bad for the economy and it would be bad policy—a bit like in your household if you said you were spending too much so were going to reduce expenditures 10 per cent across the board. You were going to reduce expenditures on food 10 per cent, on medical care 10 per cent, and on vacations 10 per cent. That is the way you do it. You probably decide not to go on vacation this year but you need to eat and you need to have housing and you need to have medical care. That is what the President wants Congress to do. He wants to replace the reductions with much more rational decisions. There are things that we need to cut but there are also things that we need to grow. The President talked about some of those the other night. We need to invest in infrastructure and education, we need to invest in research and development. There are other things we need to do because the most important way to get out of the mess that we are in is to grow our way out of it and the sequester is not the answer to this. There are people in Congress who want to undo the defence expenditure and replace the sequester with non-discretionary spending.

The hope is that on the spending side Congress is going to work something out before the sequester and we are going to try to rationalize the reduction on spending. The other half of this is taxes. The President has called on Congress to close the loopholes in the tax code. That is where the focus is now. There are things now that just don't make sense. These just aren't fair and I will give you a couple of examples. One of them, and no doubt I will offend some people in the room when I talk about this, is carried interest. Carried interest is the way that people in hedge funds, in equity firms, and other kinds of investment firms, get compensated. Basically it is a percentage of the profits made by the entity. They don't put up their own money, they can in addition, but it is not their own money. It is a percentage of the profits that other people make. In my country the carried interest is taxed at a capital gains rate and not at a normal income rate. What that means given our present tax code is that if you run a hedge fund income that you make from the hedge fund is taxed at 20 per cent instead of 39.5 per cent, which is the rate at which my income is taxed. And most people would say that they are just like me, they are doing the same thing, they are doing the same things as lawyers who work on the same deals but they are paying tax at basically half the rate as everyone else. The President said that that doesn't make a lot of sense. This is where we can make a lot of money.

Another example of this is there are a number of household names, national corporations, that pay very little and in some instances no federal taxes. If you think about that and you kind of think it is not legal, they are doing exactly what the law allows. If I were there I would probably do the same thing. But if you think about it, it doesn't make a whole lot of sense. If you are one of these big companies you are getting a benefit, your stockholders are getting a benefit, and your employees are getting a benefit from the government of the United States of America. You are using the roads, you are using the courts, you are protected by our military and the list goes on and on. The notion is that those folks probably ought to be paying something for those benefits.

Another thing that the President has talked about and there has been a lot of discussion about it in my country is the so-called Buffet rule, named after Warren Buffet. Buffet has explained that it is probably not fair that he pays a lower tax rate than his secretary. The reason for this is fundamentally the difference in the way that we tax capital gains and ordinary income. The notion is that there ought to be some minimum amount. People have talked about different numbers, 20 per cent, 30 per cent, but some amount that everybody has to pay or at least every high-income earner. If you make millions, if you are Warren Buffet, maybe you ought to pay 30 per cent of your income in taxes no matter how it is earned. Those are the tax pieces.

A few other economic pieces, important economic pieces, were put into the State of the Union the other night. The President talked about increasing the minimum wage from $7.50 to $9. His point was that in our country, the richest country in the world, if people are working and working hard and doing all the right things they should not live in poverty. And that is something there is a whole lot of support for in the polls in my country. He wants to index the minimum wage to inflation. This was an idea that Governor Romney proposed during the election and the President has adopted it.

Another thing that the President announced in the State of Union address, and this has some significant implications for Canada or for North America generally, is that the United States is to begin negotiations with the European Union on a trade agreement. We are following in Canada's footsteps here. I know Canada is in the final stages of a trade agreement with the European Union. This is going to take a while. One thing I have learned in the last four years of working in government is that trade agreements do not come quickly. Certainly for my country and for Europe there is the potential to create millions of jobs. When you marry NAFTA, which is the original regional trade agreement, Canada, the United States and Mexico, with the trans-Pacific partnership, which is the trade agreement that is now being negotiated among the Pacific countries, including Canada, the United States and Mexico, and trade agreements with the European Union, I think that puts North America in a very strong economic position. It is a bridge between two great trading blocks in the world. I think that is something that we should put a lot of attention to.

The second thing that the President talked about, the second priority, is energy and the environment. He has talked in the State of Union address and elsewhere including to me about the opportunity that we have for increased energy production not just in the United States but all over North America. Canada is a critical component of that. The issue in the United States that the President is wrestling with is how to strike the right balance between our need for safe and secure sources of energy and the environment and climate change. The President said the other night that he wants Congress to act and wants Congress to come up with its solution to this problem. If Congress doesn't act he is going to do all that he can to act and he has asked each of his Cabinet departments to come up with plans that can be implemented without legislation. I think the President has made it clear that he wants to do more and quite frankly these are the same sets of issues that all of you as Canadians and your government are wrestling with. These are difficult decisions. The question is where do you strike the balance. Northern Gateway is a good example of this. We are struggling with the same thing.

Now that brings me to the Keystone project. Yesterday I talked a little bit about the President's remarks about climate change and some folks tried to interpret what I had to say as a veiled threat by the United States. If Canada didn't do something we weren't going to approve Keystone. As I said yesterday, and as I will say again today as clearly as I can, it is not so. There is an open and transparent process with respect to the presidential permit on Keystone. Last Friday I was in a meeting with the new Secretary of State and the Canadian Foreign Affairs Minister John Baird. It was the first meeting that Secretary Kerry has had with anybody which is evidence I think of the nature of the relationship between our two countries and in that meeting Secretary Kerry explained where we were in this process. Nebraska, which had passed a law, has acted. They have selected a route. They have approved a route through the sandhills of Nebraska. We are expecting soon a release of what is called the draft supplemental environmental impact statement, a statement that is going to address those changes in the route and any other changes that have taken place since the last environmental impact statement and then there are public comment periods and agency review periods that are set forth in our laws. And that is where the process stands. What I said yesterday and what the President said in his State of Union address did not address Keystone or that process. That is a process that exists. It is a process that is going to be respected. It is a process and a decision that will be made. It is the President's decision that has been delegated to the Secretary of State and it should not surprise anybody in this room if I tell you I'm not going to jump the gun. It is their decision. What I am saying though it is the desire of the President of the United States that we do more with respect to climate change. He said very clearly in the State of the Union the other night that the more that all of us do to strike that right balance between energy and the environment, energy and climate change, the better off we are all going to be.

Now the President's third agenda item is comprehensive immigration reform. On this one I really am optimistic. It is I believe going to happen. It is going to happen for a number of reasons. First of all it is the right thing to do. It is good for our economy. It was a campaign promise of the President throughout the campaign and an important campaign promise. In the election the President got the votes of about 70 per cent of the Latino voters who voted in very large numbers. He got the votes of about 71 per cent of Asian Americans. These are the two largest immigrant groups in the United States. I think we really are going to see progress on this one. Paul Ryan, the vice-presidential candidate with Governor Romney, had good things to say about the President's remarks. There was a hearing yesterday in the Senate on immigration reform and I'm not going to tell you when and I'm not going to tell you exactly what but I think we are going to see progress.

And the fourth priority of the President, his final priority, is that we have to take steps to reduce gun violence in the United States. He is going to push for comprehensive legislation in this regard. Some of the things that are contemplated are limitations on military assault weapons, large capacity magazines, universal background checks which have the approval of about 91 per cent of the American people, and limitations on private secondary sales. I have to have a background check when I buy a gun but if I sell it to you there isn't a background check. That is not a very safe system. An important component of this is how we deal with issues of mental health in my country and violence on TV and in video games. This is something that is very important to the President and I hope you are going to see progress. I think you got a sense if you watched the State of the Union the other night of just how important the President views this. He talked about the fact that the children of Newtown deserved a vote on this legislation. Gabby Giffords, the member of Congress who was shot, deserves a vote on this. People from Aurora, Colorado, where someone shot up a movie theatre and killed many people deserve a vote. He talked about Hadiya Pendleton. Hadiya was a 15-year-old girl who marched in the inaugural parade three weeks ago and returned to my home town of Chicago and a week later was shot standing at a bus stop waiting to come home from school. She deserves a vote. I think you got a sense from the emotion in the room of just how important this is to the President.

I think this says a lot about what we are going through in the United States and the political process. I want to end with one of Winston Churchill's quotes. This is indeed my favourite. He said that in the end the United States always does the right thing. The problem is they exhaust every other alternative in the interim. We are indeed in the process of exhausting many of the alternatives. It is great to be here and I look forward to answering your questions.

The appreciation of the meeting was expressed by Geoff Belsher, Managing Director and Co-Head, Wholesale Banking, CIBC World Markets.

February 21, 2013

Piers Handling

Director and CEO, TIFF

A NEW VISION FOR THE TORONTO INTERNATIONAL FILM FESTIVAL

Chairman: Robin Sears
President, The Empire Club of Canada

Head Table Guests

Andrea Wood, Chief Legal Officer, Wind Mobile, and Director, The Empire Club of Canada; Drew O'Hara, Student, Performance Acting, Ryerson; Michèle Maheux, Executive Director and COO, TIFF; Captain Daniel D. Saugh, QOR Regimental Captain; Bill Marshall, Founder and Chief Emeritus, TIFF; Jennifer Tory, Regional President, Greater Toronto, Royal Bank of Canada; Gareth Seltzer, Associate Producer, RYOTS Films, and Past President, The Empire Club of Canada; Helga Stephenson, CEO, Academy of Television; and Jennifer Bell, Vice-President, Communications and Content Management, TIFF, and Director, The Empire Club of Canada.

Introduction by Robin Sears

Piers Handling is the Director and Chief Executive Officer of TIFF. He has held this position since 1994, responsible for leading both the operational and artistic growth of the organization. TIFF has a $33-million annual operating budget and employs more than 150 full-time staff. For the last four years, TIFF has been named one of the greater Toronto area's top-50 employers.

Under Handling's direction, the organization has grown to become an internationally renowned cultural institution. In 2010, TIFF opened its own permanent home which presents daily programming. TIFF Bell Lightbox houses five cinemas, two exhibition galleries, and educational and learning studios. He led the $196-million fundraising campaign.

Handling has curated numerous film retrospectives and presented programs of Canadian cinema at the Sundance Film Festival, the British Film Institute, the Havana Film Festival and sat on festival juries including Cannes, Tokyo, Rotterdam, San Sebastian, Torino, and Istanbul.

Prior to joining the Toronto International Film Festival in 1982, Handling began his career at the Canadian Film Institute (CFI), ultimately becoming deputy director. After leaving the CFI, he taught Canadian cinema at Carleton University in Ottawa and Queen's University in Kingston. He has published extensively on Canadian cinema and edited numerous books.

Handling has been honoured with the "chevalier des arts et des lettres," France's highest cultural insignia. In 2003, he was named CEO of the year by the Canadian Public Relations Society (Toronto). He holds three honorary doctorates from Ryerson University, York University and OCAD University and has sat on a number of boards and advisory councils including FAME (festivals and major events), the Canadian Film Centre, Tafelmusik, Luminato, Telefilm Canada's feature film advisory committee, and Ontario's Minister of Culture's Advisory Council for Arts and Culture (MACAC).

Piers Handling

Over the past 37 years, the Toronto Film Festival has screened thousands of movies from scores of countries for millions of people. Every single one of these films featured a trailer—a sneak preview of what was in that film.

Today, I want to offer you our trailer—a sneak preview of coming attractions at TIFF.

Indeed, our beginnings were right out of a movie. Back in 1976, we were so small and shaky that year one was financed by the founders' credit cards. And in the early days, our bank loans were secured by the personal guarantees of our board members. Thank you Martin Connell, our first Chair; we are all in your debt!

Now, fast forward to today. TIFF is not only the largest public film festival in the world, it's one of the most important and respected film institutions anywhere.

We employ 170 full-time staff and have 2,200 volunteers. We partner with all levels of government with hundreds of corporations and foundations and legions of individual supporters.

Through the course of the year, we screen literally thousands of films from Hollywood galas to Canadian premieres to international spotlights on regions like Asia, South America and the Middle East.

Our annual budget, which was about a quarter of a million dollars in year one, is $40 million today. TIFF's economic impact on the city is even bigger—some $170 million a year and growing.

In 2010, we opened our own building—an ambitious dream funded by a capital campaign that saw us raise $196 million for TIFF Bell Lightbox, an endowment, and ongoing operating costs.

Today, TIFF Bell Lightbox is one of only four film centres in the world dedicated solely to the art of film. In just three years, TIFF Bell Lightbox has engaged many new audiences and introduced them to the past, present and future of film, creating bridges of understanding between different communities while providing a window to the world. And let's not forget what TIFF Bell Lightbox has done in anchoring the King and John neighbourhood, enlivening the downtown, spotlighting the city around the world.

But now that we're 37 and have got a roof over our heads, we want to leave home! Or rather, we want to take on the world from our home.

Today, I want to tell you about that quest, about the next stage in our growth, the next act in our own movie.

Until today, TIFF was largely about the world coming to us.

Tomorrow, our vision revolves around taking TIFF to the world.

Until today, we were mainly recognized for our 11-day film festival, coupled with our growing year-round initiatives housed under the roof of TIFF Bell Lightbox. Tomorrow, our vision is that we bundle our unique and hard-won expertise to be the global centre for film culture.

We've never been shy about inviting the world to come to Toronto for the film festival.

Tomorrow we will go out into the world and take parts of Toronto with us. We want to create a global community of engaged film lovers. The TIFF brand will be recognized everywhere.

We are not alone. Leaders from every part of Canada's economy are saying that we have to play in the international arena if we're to hope to survive here at home. For TIFF, moving to the global stage is part of a natural process that has seen us grow from a 10-day festival to a 365-day feast and from local event to a global one.

This reality mirrors what is going on in our own domestic film industry. Just look at three of Canada's most important films of the past three years—"Incendies," "Cairo Time" and "Rebelle." All of them were shot in the Middle East and Africa. All are relentlessly international in their subject matter.

Last year, I visited the major museums of the world and talked to their CEOs—Tate Modern and the Victoria and Albert Museum in London, the Museum of Modern Art in New York, and the Pompidou Centre in Paris. All of them were thoughtfully grappling with a global agenda and certainly with an agenda that went beyond the city in which they were based.

When I asked one of them what part of his vision did the board respond to in his job interview, he paused for a second, and then quoted Helmut Schmidt, the former

Chancellor of West Germany, “People who have visions should go and see a doctor.”

It was an interesting comment. You know the vision thing. And while I can see his point I do think you need to have a dream of where you want to be as an organization.

The Economist magazine has stated that Toronto is one of the top-five livable cities in the world. Three of those top-five cities are Canadian. So what are we waiting for? Walk into an Indigo Store and there it is: “The world needs more Canada.”

TIFF’s vision of going global will form the strategic framework for the next logical step in our development. Frankly, I see it as an inevitable step that will secure TIFF’s future.

I want you to indulge me for the next 10 minutes or so. I want you to be the test-audience for the trailer of our film and our vision of being a world leader in enriching how people everywhere experience films.

When I’m done, I’d like to get your reaction. What did you like about our film? What do you think we should change? How can we make it better?

Some people thought TIFF was over-reaching when we announced our plans for TIFF Bell Lightbox, but we believed that for TIFF to grow we had to move beyond our most successful franchise—the 11-day September film festival.

To remain competitive, to achieve significant impact locally, nationally and internationally, we had to seriously develop year-round programming. And that programming demanded a home if it was to be noticed. Every major film festival in the world is now engaged in some form of ongoing annual programming. Those that don’t risk falling behind.

TIFF Bell Lightbox was a major step forward. We grew horizontally across the calendar, vertically via year-round screenings, tours and exhibitions and virtually via more digital activities.

Surely, that was ambition enough. And yes, we've succeeded in doing all that in just three years.

But I have to confess there were many times, as we saw the world of entertainment going virtual, that we thought to ourselves was a building a mistake? Was it a 20th-century idea at a time when the 21st century is dispensing with bricks and mortar?

Thankfully, our doubts were wrong. If anything, the building has liberated us and given us critical mass. By bringing all our activities together under one roof—cinemas with exhibition, learning, retail and restaurant spaces—we saw for the first time the power of collected creativity. We looked around at MaRS and CAMH here in Toronto and recognized ourselves in what they are achieving.

So when the credits roll on our global initiative, one of the most important will be a building. It was there that we began to map out our key global initiatives and priorities. We are now working on the realities of making these come true.

So how does one go global in the arts world?

We are currently engaged in two incredibly exciting ventures.

This June, TIFF will launch a truly global initiative. Curated by Noah Cowan, the artistic director of TIFF Bell Lightbox, "A Century of Chinese Cinema" will offer Toronto an unprecedented 70-plus film retrospective of Chinese films from the 1920s to today accompanied by a major new gallery show of Chinese visual art and our first ever e-book. Many of these films will be shown for the first time outside China in newly struck prints and digital restorations. Films that none of us have ever seen will be taken out into the world for the first time.

This will be a seminal moment in film history. TIFF has led the way on this initiative. Our long relationship with China, built up over many years through the festival, has resulted in this collaboration—all due to the fact that now that we have a building in which to show these important films.

Over the years, TIFF has become an expert in partnering. We play well with others, and being Canadian we have to in order to grow.

Sometimes to partner you also have to work small miracles. This show came about because we spent time fostering conditions which allowed for the first-ever collaboration between the China, Taiwan and Hong Kong Film Archives.

The film program has stirred significant international attention. It will tour to the Museum of Modern Art in New York and the British Film Institute in London.

Our gallery show will also tour first to the Australian Centre of the Moving Image in Melbourne, Australia, and then to leading art institutions around the world. It will include a major new commission from leading Shanghai-based artist, Yang Fudong and a series of video collages by Australian-Chinese cinematographer Christopher Doyle.

Our China show is about showcasing the treasures of international cinema. What about showing Canada to the world?

This October TIFF will launch a massive David Cronenberg show. This project, focusing on the legacy of English Canada's most revered and famous director, is multi-faceted. We are mounting two separate exhibitions.

The first focuses on:

- His films;
- Props;
- Costumes;
- Special Effects;
- Photos;
- Never-before-seen audio-visual material;
- Re-staged sets; and
- Fascinating documentation of his filmmaking process.

At the same time, we have collaborated with MOCCA, the Museum of Contemporary Canadian Art, to commission multiple new international art works by leading artists inspired by Cronenberg's films.

We will also present a retrospective of his films, with actors and collaborators in attendance at the screenings.

As well, we are creating:

- an experiential virtual museum;
- an interactive game; and
- publishing two books.

All this will open at TIFF Bell Lightbox on November 1 and run for three months. We will then send this show out on the road, as we are doing for our "A Century of Chinese Cinema" program.

We are currently in discussions for the Cronenberg show to tour to major international venues in Paris, London, Frankfurt and Melbourne.

Our other programming is also attracting international partners. We started our annual "Canada's Top Ten" showcase in 2003 and currently it tours across the country. We have been approached by cities in Asia and Europe to take "Canada's Top Ten" global. Why not?

There are many other initiatives of ours that can make the jump from the local and national to the international.

For years our Cinematheque has led the world in ground-breaking programs of historic Japanese, Asian and European cinema.

We have run one of the world's most important festivals for young people—TIFF Kids—since 1998.

Our nation-wide, award-winning, and highly innovative Film Circuit, which takes Canadian, foreign language and independent films to almost 200 communities across Canada, is a model that has been studied around the world.

We're leaders in community-based and educational programs. Special Delivery brings films and their directors at no cost to youth in under-served communities.

TIFF's Pocket Fund helps kids from local schools, shelters and community groups enjoy international films, learn about cultures from around the world, meet filmmakers, and participate in interactive film workshops.

Reel Comfort reaches out to patients in the Mental Health and Psychiatric Units at Toronto General Hospital and St. Michael's Hospital.

As you can see, for 37 years we've honed our expertise in curating films and articulating their meaning and importance. It's time to take that expertise to the world. These ongoing local and national initiatives could well join Cronenberg and China in the international arena.

In 2012, more than two million unique visitors logged on to tiff.net to learn about our films and programs. But since the appetite for films and commentary on them seems infinite and since TIFF's reputation for credible, objective, in-depth knowledge has never been higher, we believe we can insert ourselves into the epicentre of the millions of conversations held around movies. That dialogue will take place online. And no world is changing faster or more profoundly than the virtual world. We don't know what it will be like 10 years from now.

The one thing we do know is that the Internet will continue to wrench us from our comfortable pews. We not only have a right to be in that conversation, we believe we have an obligation to lead it.

Hence, our second major initiative, Digital Extension. We want to ensure that the digital world is intertwined with "virtually" everything we do.

Like every other organization, we want to expand our online community. Today, ours numbers more than 100,000 members and friends. We are now asking ourselves how to reach out to many many more people and create a rich and relevant conversation about films and the moving image. And how do we intervene to create meaningful impact?

It is a big question that everyone these days is grappling with and we cannot afford to simply stand by and watch as others enter this field. Creating a global online community that will become a destination for cinephiles and new film aficionados is a challenge we're eager to take on.

But whatever the technology or platform, what's pretty clear is that to go global in a meaningful and sustainable way, our staff will have to mirror our aspirations. Not only will we have to travel to meet our partners, we will also have to have a staff that is as global as our aspirations. Language skills and international expertise will be factors that will come into play in our future. And, finally, we will have to be nimble and flexible in creating new global partnerships.

Let me repeat that we Canadians are good at this because we have to be. With 2.8 per cent of the world's GDP and less than half of 1 per cent of its population, we have to make allies beyond our borders in order to grow.

Fortunately, TIFF can capitalize on its particular strengths as well as its patriotic ones. For well over three decades, we have grown in size, budget and renown because of the dozens—hundreds—of partnerships we have created with corporations, other film organizations, and other nations, including that of China whose deputy Consul-General, Meifang Zhang, is here with us today.

But we can also capitalize on something else—a quality epitomized by our city. It is what we are celebrated for, what our politicians and economists and the international media trumpet as our unique civic and national strength, our lasting advantage. That, of course, is our diversity.

Until today, TIFF was all about the world coming to us. Well the city of Toronto is all about the world coming to us as well, but it's time for both of us to take our defining difference and share it with the world.

It's been said that sweet are the uses of diversity. And nowhere is this potential as great as it is right here in Toronto. Our city and our festival epitomize the view that our differences are what unite us.

In taking on the world, we've made the biggest decision in our lives. But we can't make it happen on our own. We will need your help. We will need the help of others far beyond this room and this country. But I have a strong feeling that many of you here share our view, that the future of Canada lies beyond Canada, that our best tomorrows will start their days very far away.

We want to dream big. Bill and Henk and Dusty did when they started the Festival of Festivals in 1976. We did when we took on the task of raising almost $200 million for TIFF Bell Lightbox. We cannot afford to sit on any of our laurels. The future beckons and we'd better be there.

If you like our vision, if the sneak preview we've offered up today makes you want to see the whole movie, I invite you to join us in making this Canadian film a global hit.

The appreciation of the meeting was expressed by Jennifer Tory, Regional President, Greater Toronto, Royal Bank of Canada.

March 7, 2013

David Naylor

President, University of Toronto

ZOMBIE VS ZOMBIES: TACKLING TWO DANGEROUS MYTHS ABOUT HIGHER EDUCATION AND ADVANCED RESEARCH

Chairman: **Verity Sylvester**
Past President, The Empire Club of Canada

Head Table Guests

Dave Spagnolo, COO, Thales Canada; Dr. Gordon K. McIvor, President, Alliance Francaise de Toronto, and Director, The Empire Club of Canada; Solange Strom, President, French Chamber of Commerce, Canada; Leslie Woo, Vice-President, Policy, Planning and Innovation, Metrolinx; Paul Kahn, CEO, Thales Canada; Anthony Lacavera, Chairman and CEO, Globalive Communications, and Chairman, WIND Mobile; Reza Satchu, Managing Partner, Alignvest Capital Management; Cynthia Goh, Professor of Chemistry, University of Guelph; Captain Daniel D. Saugh, QOR Regimental Chaplain; Connor Emdin, University of Toronto Rhodes Scholarship Recipient; and Andrea Wood, Chief Legal Officer, Wind Mobile, and Director, The Empire Club of Canada.

Introduction by Verity Sylvester

It is now my delight and pleasure to introduce our guest speaker Dr. David Naylor, the 15th president of the University of Toronto.

Over the past few days, I have attempted to review the vast amount of information written about Dr. Naylor and his vision of the world today.

Whether it be his role as President of U of T with over 70,000 students, thousands of faculty and staff and three campuses, or his commitment to ensuring that universities educate students to be what some call t-shaped individuals, or the call for the city of Toronto to upgrade transit to 21st-century standards, encouraging synergy, sharing of innovation, and improving the quality of life in our modern world, the multitude of his accomplishments demonstrates the impact Dr. Naylor has made upon us in the last several years including his desire to challenge our assumptions about the education system and our government services.

Dr. Naylor has been President of the University of Toronto since 2005. He earned his MD at the University of Toronto in 1978, followed by a DPhil in the Faculty of Social and Administrative Studies at Oxford University in 1983, where he studied as a Rhodes scholar.

Dr. Naylor completed work in internal medicine at the University of Western Ontario. In 1988, he joined the Department of Medicine at the University of Toronto. In 1999, Dr. Naylor was appointed Dean of Medicine and Vice-Provost for Relations with Health-Care Institutions of the University of Toronto.

Dr. Naylor is a Fellow of the Royal Society of Canada, a foreign Associate Fellow of the U.S. Institute of Medicine, and an Officer of the Order of Canada.

Ladies and gentlemen, please join me in welcoming Dr. David Naylor.

David Naylor

Earlier this week, the University of Toronto made a wonderful decision in naming Meric Gertler as my successor as President. As my term winds down, I have to say that it has been an extraordinary privilege to serve the University of Toronto community.

At the same time, impending retirement does mean that I am now something of a zombie lurching around for a while in a transitional state. And who better than a zombie president to tackle two zombie ideas about higher education and advanced research!

You may ask: What's a zombie idea? Well, it's one of those persistent and infectious pieces of misinformation, a meme that shouldn't be alive but just won't die.

There are two zombie ideas that trouble me these days.

Zombie 1: Universities ought to produce more job-ready, skills-focused graduates. Stop all this liberal arts guff and this social-science silliness. What Canada needs to compete and win in the world economy are more folks with college diplomas, and universities that focus on preparing people for careers for the real world.

Or, as the Governor of Florida memorably put in a radio interview 18 months ago: "You know, we don't need a lot more anthropologists in the state. It's a great degree if people want to get it, but we don't need them here."

Zombie 2: Those ivory towers full of fat-cat academics and loopy students asking unanswerable questions. Their willful irrelevance is a waste of taxpayers' money. Get them out of the public trough and get them doing things that Canadian business can really use.

The reason these zombie ideas are dangerous is not just because decision makers in the U.S. and Canada have been infected by them. They are also hard to destroy because there is unquestionably some truth, and therefore some life, to both of them.

We know employers are frustrated with the skills mix that young people are bringing to the modern work place. And we do know that Canada, like many industrialized and developing nations alike, has a youth unemployment challenge.

Turning to our research zombie, again there's some fire with the smoke. Federal and provincial governments sharply increased their spending on research starting in the 1990s. We owe a debt to the university leaders who advocated for those increases. But, in making the case, they expected an economic bonanza—just a hop and a skip from the lab-bench to new multi-national superstar companies. Everyone forgot that it is the private sector—not universities—that ultimately drives commercialization. But failure to meet those expectations has fed the clamour for applied research with a short-term orientation—about which, again, more later.

Now, let's shine a little more light on these two ideas.

Zombie 1

If Canada were really a wasteland for vocational or career-focused education, you might expect us to be overwhelmingly invested in university degrees—a place where baccalaureates and doctorates littered the landscape.

Well, we are world leaders in college-level attainment.

We are not close to being world leaders in the number of university-level baccalaureate and advanced degree holders that we produce.

If you think about it for a moment, this doesn't mean we shouldn't address the skills shortages. It doesn't mean that we shouldn't improve apprenticeship opportunities. It doesn't mean that we shouldn't respect and elevate skilled trades or champion some career-focused education at our universities.

But if Canada's competitiveness problems were going to be solved by colleges and polytechnics, or by universities that behave like them, we'd already be rolling in tax revenues.

What, then, should we do?

First, students know that a baccalaureate degree is important to credibility and to life-time earnings. In tough economic conditions, if a student's wiring is more practical than academic, it is completely reasonable and to be expected that he or she might gravitate towards universities that are more vocationally focused. But with all the great college capacity in this province and this country, one also has to ask: "Why aren't more colleges allowed to deepen and lengthen their programming and offer applied baccalaureate degrees? Why is their role constrained in our system? And why then are we asking universities to change their role, rather than effect some smart differentiation?"

A related solution, of course, is to promote shared programming between universities and colleges. We're all doing it and I am delighted to see some representatives from Seneca here with whom we have a great partnership in multiple programs. But as they could tell you, it's not quite as easy as it sounds. The students aren't the same, the courses aren't the same, and the expectations aren't always the same.

What we aren't doing, however, is celebrating the fact that tens of thousands of university students who have finished a baccalaureate go on to get a college diploma or certificate. That's seen somehow as a mistake. Could someone tell me why those credentials should be stuck together in some pre-packaged fashion, primarily through articulation? Why shouldn't a young person get a liberal arts education, learn to think better, acquire some breadth of competencies and general knowledge, be challenged intellectually by professors and peers and then go on to get specific vocational skills?

There's another problem with that educational zombie idea. It obviously downplays the simple fact that many universities already educate large numbers of accredited professionals in every imaginable discipline.

And we also offer very successful and well-subscribed programs ranging across the sciences, technology, engineering, and mathematics—the important so-called STEM disciplines.

In that respect, I firmly believe Canada needs to enhance its commitment to literacy in math and science for people of all disciplines and backgrounds, especially for children and youth. This must be a priority.

I am very glad that Professor Ray Jawardhana has taken on a lead role in science outreach and literacy for the University of Toronto.

But while the STEM disciplines are vitally important, inter-jurisdictional data do not really support the presumption that Canada's competitiveness challenges will be solved simply by a massive increase in the output of scientists, technologists, engineers, mathematicians, and medical scientists.

Let's remember here that successful companies, innovative nations, and healthy communities also depend on management, marketing, communications, design, and many other disciplines.

Indeed, in a borderless world, fluency in other languages and other cultures will have a great deal of influence on our success as a trading nation.

I know. You're probably still skeptical because of all the gloomy statistics floating around. So let's have a closer look at some data.

Unemployment levels have indeed risen. And youth unemployment rates as a subset are even higher. But the best antidote to unemployment and the best insurance against recession-triggered unemployment is still a university degree.

Zombie 1 returns and says: Mr President, those are just all the STEM graduates finding jobs. Well, Mr. Zombie, you're wrong.

If you examine employment levels by program six months after graduation, it turns out that humanities graduates are finding jobs as quickly as computer science graduates. And after two years, it pretty much levels out.

Well, you may say, all those art history graduates are baristas at Starbucks—to which I will say, as a good nationalist, I hope they are at Tim Horton's or Second Cup… but never mind.

The answer is: Some are, many aren't.

Breakdowns in Canada are hard to come by, especially reliable ones. We know the U.S. data; it suggests that the match between the skills acquired in the baccalaureate and the job is lower and slower for the social sciences and humanities. But the economy is still sputtering. It's a time of tremendous change. And I would caution strongly against undervaluing those disciplines in this complicated world.

Maybe instead we should be thinking about the kinds of students and graduates our global community needs not just for today, but for tomorrow.

After all, our students will confront challenges—everything from climate change to cyber-security—that are more intertwined, complex, and social than ever before.

Our graduates must analyze and synthesize information, test hypotheses, challenge assumptions, weigh arguments from different viewpoints, and communicate clearly and effectively in multiple media. These are skills one can learn at research-intensive universities in philosophy and anthropology—with apologies to the Governor of Florida—as much as in physics and computer science.

Let me conclude my thoughts on Zombie 1 with three observations.

First, educators worldwide, even in quite applied areas like the health professions where I have spent much of my life, are moving away from a narrow and term-limited skills focus, and towards what one might call "renewable competencies."

In this regard, my successor, Meric Gertler, has been Dean of our very large Faculty of Arts and Science for the last five years. That huge division has undergone a transformation, balancing big lectures with small seminars, and offering more opportunities for undergraduates to do research and study abroad. And, they've also focused on ensuring that all students graduate with several core competencies. They've set them out: quantitative reasoning, no matter what your program is; critical thinking; effective writing and communications; problem solving; and ethical and social reasoning. These are competencies for a lifetime, for any job, and for every citizen.

Second, on a related point, when you look at surveys where employers are asked about deficiencies in their employees, it is intriguing that employers most often cite not technical expertise, but attitude, punctuality, time management, motivation, and team work—soft skills that used to be called "character issues" in some cases. Well, universities get asked to do a lot of things, and we are certainly helping with teamwork, but many of the rest of these traits get shaped some time before students reach us!

There are some limits to what we can be asked to do.

Third, as I said, the world is changing fast. We recognize that our graduates may often invent their own jobs, and in the process, create jobs for others.

I think here of our late and great graduate, Ted Rogers. Ted not only built an extraordinarily successful company, he laid the foundations for Canada's integrated telecommunications industry.

And in the realm of déjà vu, here at the head table is Tony Lacavera of Globalive and Wind Mobile. On the sunny side of 40, Mr. Lacavera is a serial entrepreneur who founded an upstart wireless company to challenge the so-called Big Three, including Rogers. And here's a twist: Ted Rogers was an arts graduate with a law degree. Tony Lacavera is a computer-engineering graduate of U of T. In like fashion, when you examine executive suites across North America, or in the U.K., successful business leaders and great entrepreneurs have backgrounds that range across disciplines, with a great many rooted in the humanities or social sciences, including undergraduate management and commerce degrees.

On that front, let me digress briefly to say that we also recognize that universities should catalyze and respond to the entrepreneurial energy of our faculty and students.

Thousands of University of Toronto students have taken Entrepreneurship 101 on line or in person through the MaRS Discovery District. Last fall, we had to take our iconic Banting and Best medical research buildings, and repurpose them as incubator and technology transfer space. They're almost full already. And so is MaRS, which is why we are lucky that MaRS Phase II is nearing completion across the street.

Here at the head table are two gifted practitioners and teachers in the entrepreneurship space to whom I want to pay tribute.

Reza Satchu, a very successful serial entrepreneur, conceived and offered over several years an undergraduate course at U of T on the Economics of Entrepreneurship. It had the highest approval and retake ratings of any course at U of T. Mr Satchu has now taken those ideas national with his colleagues and partners in the Next 36 program, headquartered here in Toronto.

Cynthia Goh, an award-winning professor and researcher, is also an entrepreneur who has helped create multiple start-up companies based on her outstanding research in nano-chemistry.

In her spare time, Cynthia is working with MaRS to make Entrepreneurship 101 a standard credit course open to students across disciplines. Cynthia also mentors a small army of student start-up companies in our Banting and Best Centre.

And here's one tangible result of all this creative energy, combined with the mentorship of our friends at MaRS and MaRS Innovation. Over the last three years, faculty and students at U of T and in our great partner hospitals have achieved the fastest rate of growth in start-up generation among leading institutions in North America.

And so this notion, that research-intensive universities with a balanced portfolio are not in the space of technology transfer and entrepreneurship, is simply wrong.

Good news, I think, for Canadian prosperity and employment. And I hope it is enough to keep Zombie 1 at bay for a few more days.

Zombie 2

Let me switch now to Zombie 2.

First, this zombie has already had an effect on research funding.

These data show the funding patterns for the Natural Sciences and Engineering Research Council of Canada over the last 30 years.

You can see the pronounced trend. Converting the proportions into real dollars, about $230 million of federal funding has moved from unfettered to fettered research at U of T over the past five years alone, roughly consistent with a pattern stretching back almost a generation. In other words, we are already engaged with partners. We are already engaged in match-funded, industry-facing research with an applied orientation. That trend has been driven by funding decisions over many years.

Now, that didn't just happen at U of T. It happened nationally. Did anyone notice that over this period our innovation and competitiveness indicators improved? I didn't. In fact, the real problem was never the type of research that universities were doing. Wrong diagnosis; wrong prescription. It was business-related R&D spending that lagged, which is why the Jenkins Panel on which I was privileged to serve was put together by the Minister of State for Science and Technology and the Minister of Industry federally to examine how to stimulate business spending on innovation.

Now, despite these changes, obviously many universities across this great country have remarkable scientists who are doing fabulous fundamental research and they represent Canada very well on the international stage.

But let's be clear that this funding ecosystem, combined with many disincentives to excellence, makes it harder for us to reach the top tier of the podium. Perhaps this is why no Canadian has won a Nobel Prize for 20 years.

The research zombie masters would have you believe that it doesn't matter. Nobel, Schnobel—let's level down in the best Canadian tradition and go for the bronze.

But there are actually some very good reasons why great basic, disruptive, fundamental research matters.

The first is that the success of home-grown Nobel laureates—not imports—raises aspirations for everyone, especially as their scholarship inspires and attracts others to follow suit. Put another way, a country where world-shaking discoveries are made routinely is a country that will always be able to compete by attracting the best and brightest to our shores. The war for talent is global and more than ever attracting the best and brightest matters.

The second is that great scholars doing fundamental research can be inspiring teachers. Ray Jawardhana, for example, is a star-gazer. He's hunting for planets like Earth in other solar systems. What's the value of that? We can't turn that into a product or service tomorrow. Well, to me, Professor Jawardhana's work also raises fundamental questions about humanity's place in the cosmos. RayJay and countless other colleagues spend their lives asking the questions that stretch young minds and change expectations. We want—and we need—a generation of young Canadians for whom the sky itself is not the limit. Young people like Conor Emdin, also at the head table today, one of three U of T Rhodes Scholarship winners this year, who will be tomorrow's leaders.

The third and final reason why serious fundamental research matters is that the distinction between fundamental and applied research is somewhat misleading.

As Nobel laureate Sir George Porter famously pointed out, there is applied research and yet-to-be-applied research. In my field, medical research, countless discoveries that had no immediate application turned out to be the foundations for life-changing and live-saving innovations in clinical care. You can't predict this in advance.

You know, John Polanyi was not thinking of inventing chemical "vibrational" lasers when he did his Nobel-winning research on non-thermal infrared chemiluminescence and reaction dynamics.

Similarly, Geoffrey Hinton's research into machine-learning algorithms and deep neural networks has led to unexpected advances in computer vision, speech recognition, data mining, and—astonishingly—real-time language translation that is now used by Google and Microsoft.

There is another facet here. One needs excellence in research and scholarship across disciplines because no one can predict how disciplines will collide. So much of the best innovation is convergent.

Let me give you an example. Lorna MacDonald teaches performance, opera, and vocal pedagogy in the Faculty of Music at the University of Toronto—a very strong program, internationally renowned. But how does it connect?

Well, it turns out that Professor MacDonald collaborates with the clinicians at the Hospital for Sick Children on cochlear implants, laryngology, speech-language pathology, and pediatric voice and hearing care.

Perhaps with this type of trans-disciplinary approach, we can calm our second zombie with beautiful music.

I want to close these remarks with both a warning and a note of optimism.

First, the warning.

These are composites of rankings across multiple league tables involving the U15 universities, which work together as a group of research-intensive universities on some common issues.

The data suggest that many of the best research universities in this country are at serious risk of losing ground. And not enough of them are figuring strongly on the world stage.

The media don't seem to care much. There are no headlines, no gotcha moments, no upstarts to coddle, nothing to be gained by flagging this potential and slow decline of great Canadian institutions. And I am sorry to say that some in government, at all levels and across the spectrum, politicians and civil servants alike, seem to be blinded by zombie dust.

But in one jurisdiction after another—China, Brazil, Singapore, France, Germany, the U.S. and the U.K.—major targeted investments have been made to ensure that the strongest research universities are able to compete on the global stage.

And it is a competition.

These are total publication outputs worldwide.

We have managed to stay second to Harvard for a long time. But let me just make a point here about our Brazilian friends. When I became President eight years ago, the University of São Paulo was barely on the research radar screen. Today USP is a key partner for the University of Toronto and it is also an established research powerhouse that is right on our heels.

Just this week, the Times Higher Education group released their rankings of university reputations.

These results are based on a survey of thousands of professors worldwide.

McGill and the University of British Columbia slipped to 31st from 25th place. Toronto held steady at 16th. And here, let me share the warning from Phil Baty, the editor of the rankings and a veteran observer of universities worldwide. Mr Baty said that the decline was a direct result of Canada's "highly egalitarian approach." He said that Canada was refusing to focus its resources on a select number of top research universities strategically so that they could truly compete. He put it precisely: "Countries around the world are picking winners and investing heavily in them, so they are coming up the ranks while Canada is slipping."

The Montreal Gazette paraphrased Baty's final warning as follows: "The risk... is that Canada could end up with many mid-ranked institutions, but lack the big flagship institutions that drive investment, research and development and the economy."

Phil Baty's concise formulation did miss what for me is the most important asset of all—and the asset that will be devalued the most if the zombies win. I am referring, of course, to young talent.

The resources that matter most aren't in the ground or off-shore. The resources that will win the day for Canada are the inquiring, agile, and creative minds of the next generation.

And here I continue to believe that, given the right education and opportunities, with a full suite of institutions with different missions, including research universities that can compete on the global stage, the next generation of Canadians will make great discoveries, develop transformative technologies, imagine more successful societies, ask hard questions, and lead with verve and vision.

I also have faith that, in the years ahead, if we make the right choices, the zombies will disappear and our young people will secure a bright future for this great country.

The appreciation of the meeting was expressed by Dr. Gordon K. McIvor, President, Alliance Francaise de Toronto, and Director, The Empire Club of Canada.

THE EMPIRE CLUB OF CANADA
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March 14, 2013

His Excellency Jean-Marc Ayrault

Prime Minister of France

THE ATTRACTIVENESS OF FRANCE AS A TRADE PARTNER WITH CANADA

Chairman: **Noble Chummar**
President, The Empire Club of Canada

Head Table Guests

Dave Spagnolo, COO, Thales Canada; Dr. Gordon K. McIvor, President, Alliance Française de Toronto, and Director, The Empire Club of Canada; Solange Strom, President, French Chamber of Commerce Canada; Leslie Woo, Vice-President, Policy, Planning and Innovation, Metrolinx; Paul Kahn, CEO, Thales Canada; Jean-François Casabonne Masonnave, Consul Général de France à Toronto; His Excellency Lawrence Cannon, Canadian Ambassador to France; The Hon. Joe Oliver, Minister of Natural Resources; His Excellency Philippe Zeller, Ambassador of France to Canada; Dr. Helen Vari, The Hon. George and Dr. Helen Vari Foundation; Mr. Dani Reiss, President and CEO, Canada Good; Madame Brigitte Ayrault; and Mr. Christian Petit-frère, Student, Glendon College.

Introduction by Noble Chummar

The cornerstone of Canada was set in place when the French explorer Samuel de Champlain, the "Father of New France," founded

Quebec City with only 28 people in the early 17th century. Little did they know that the start of their fledgling settlement sowed the seeds that would grow to create our beloved country with an impenetrable bond and respect to the Republic of France.

Standing the tests of time and modernization, Canada, to this day, remains historically and culturally connected to France. France and Canada have maintained a strong relationship amidst the global issues of the past centuries and have remained active as key trade partners.

Today, like France, Canada is home to the world. Canadian values are born in part from French values. Our national identity is genetically derived from the original principles of the French and British society. Canada's Charter of Rights and Freedoms contain and embrace the universal concepts of liberty, equality and fraternity. These fundamental French values have impacted human life in countless societies in the world.

Much of the development of the western world can be attributed to the remarkable influence of the French. When exploring the origins of the world's artistic inspiration, the names Claude Monet and Henri Matisse come to mind. In literature, Victor Hugo, Alexandre Dumas, and Jules Verne of France are often considered some of the greatest writers of all time. Many people would also agree that the beginnings of modern philosophy and science should be credited to the works of Descartes and Pascal of the 17th century. Modern-day France is home to world-class innovation and international commerce. France remains one of the world's largest economies and is home to many of the world's Fortune 500 company headquarters.

Since its establishment in 1903, the Empire Club of Canada has provided a forum for the world's thought leaders. Speakers at the Empire Club have included Winston Churchill, Indira Gandhi, Ronald Reagan, and the Dalai Lama. In the past, the club has had the honour to host French dignitaries such as the late Paul Claudel. It is truly a privilege to have His Excellency Jean-Marc Ayrault join the ranks of the club's esteemed speakers.

Prime Minister Ayrault has been actively involved in French politics as a member of the Socialist Party's Executive Bureau since 1979. Up until his appointment as Prime Minister of France last May, he was the leader of the Socialist Party in the Asemblee Nationale. At the age of 27, he was the elected Mayor of Saint-Herblain and was also the youngest mayor of a French city of more than 30,000 citizens. Up until last year, he was the Mayor of Nantes for 22 years. Most of this information you can easily find on the Internet but most people here probably don't know that the Prime Minister still has a penchant for Volkswagen Kombi vans which he used to drive in his early twenties!

Jean-Marc Ayrault

Mr. President of the Empire Club, Honourable Ministers, Honourable Members of Parliament, ladies and gentlemen:

I would like to begin by expressing my gratitude, Mr. Chummar, for giving me this opportunity to speak before the Toronto business community and especially at the Empire Club, one of the oldest and most prestigious institutions in Toronto.

I've learned that Toronto's name means "meeting place" in the language of the Hurons; I choose to see this as a good omen for our first meeting.

The bonds between France and Ontario are solid, longstanding ones, and I hope that I can contribute to renewing our relationship today. I am delighted that Ontario has chosen the 400th anniversary of Samuel de Champlain's arrival, in 2015, to celebrate its Franco-Ontarian community. France will be happy to take part in this event.

I would like to acknowledge the numerous Francophones here in attendance and the vitality of the French language in Ontario, which is evident in the success of the Alliance Française in Toronto, the second in North America.

Finally, I would like to address a special thought to my 10,000 compatriots here in Ontario who, through the diversity of their talents, attest to the quality of French education and expertise.

Ladies and gentlemen, lunch was brief, so I will be brief as well! I have two simple messages that I would like to convey in response to questions your business community might have.

First message: Since the election of a new President of the Republic, François Hollande, France has undertaken a vast set of reforms to get back on the path to growth through a restructured pact between heads of companies, employees, and public authorities.

Second message: This ambitious reform agenda will enable France-Canada economic relations to gain new momentum.

First of all, France's achievements merit recognition. In 2012, France was the European leader in foreign investment in industry. Our country achieved this thanks to its tradition of excellence in innovation, research, and employee training, as well as the quality of its infrastructure.

But we must also build on our assets.

Our primary asset is that we belong to the European Union, a unique market including not only more than 500 million inhabitants open to our companies, but also a vast space that provides our workers with mobility. It is also our membership in the Eurozone.

To confront the debt crisis that has dealt a significant blow to some of our partners, we have decided to strengthen the solidarity and integration mechanisms within the Eurozone. This "solidarity-integration" process is currently underway and the President is playing a deciding role in ensuring its progress.

From the perspective of this side of the Atlantic, I know that European efforts have often been seen as being too slow, too hesitant. But the heading is set and the results are there, with a new treaty regarding governance, new tools for the Central European Bank, and integrated banking supervision to be implemented in the near future, which will constitute the first step towards a true banking union.

As you know, one of the challenges facing all of Europe is the management of deficits. It is for this reason that my government is implementing a strategy for a rapid return to a balanced budget.

While the public deficit in France was greater than 5 per cent in 2011, we reduced it to 4.5 per cent in 2012. And between 2012 and 2013, we plan to reduce the structural deficit by 2 per cent, which represents an unprecedented effort. We are completely committed to this. We will achieve a balanced budget in 2017.

To reach this goal, I have initiated a vast plan of action intended to modernize public policies. I have set the goal of saving 60 billion euros by 2017.

I know that Canada has a great deal of experience in this matter, and successful experience at that. I have discussed this matter with Prime Minister Harper, and France is mobilizing towards achieving the same success.

This policy to return to balanced budgets is part of a coherent, ambitious strategy that aims to support the competitiveness of the French economy and the attractiveness of our territory. This is the idea behind our National Pact for Growth, Competitiveness, and Employment, which I announced last November 6 and which is currently in effect. This pact comprises 35 concrete measures designed to improve the performance of our economy.

Under this pact, we will reduce taxes on companies by an annual value of up to 20 billion euros. We are thus implementing a 6-per-cent reduction in labour costs for companies active in France.

We are also supporting competitiveness in matters unrelated to costs by implementing an effective financing system and by encouraging the emergence of an innovation- and exportation-friendly ecosystem.

In terms of French exports, I have set an ambitious objective: reaching balance of trade, excluding energy budget, by 2017. When I took office, there was a deficit of more than 25 billion euros, not taking into account the energy budget. We have just implemented extensive reforms to our export financing systems. It is by drawing support from this new system that French shipyards have begun the construction of the largest cruise ship in the world, capable of accommodating 7,500 people, for an American client.

But the greatest potential for developing our exports lies in small- and medium-sized companies, to which we provide significant support. Such companies can now access specialized financing more easily, thanks to the new Public Investment Bank that we recently created. They will also benefit from support from major groups within the streams of industry that have been encouraged to improve their organization and structure.

In this regard, I would like to take a moment to recognize the entire delegation of leaders of French companies who are accompanying me in Canada. This delegation is the very image of our ambition. The major French companies whose excellence you already recognize are well represented within this delegation, such as Total, Alstom, Air Liquide, and Safran, as well as Nexter and DCNS in the military sector. This delegation also includes a majority of leaders from SMEs involved in such innovative sectors as new energy sources and new technologies.

It is also our goal to increase the attractiveness of France. With 20,000 foreign companies active on French soil and 700 new foreign companies deciding to invest each year, France is an investment destination of the highest order. We want to go even further. We have therefore set the annual goal of 1,000 foreign decisions to invest in France between now and 2017, in addition to welcoming every year 300 new foreign companies.

Foreign companies active in France will benefit from the decisions that we have made in support of competitiveness, just as other companies do. We are also putting other specific mechanisms in place, such as "talent passports," which will make it easier for talented individuals from around the world to begin doing business in France. I would also mention building on the tax credit for research, which has helped foreign enterprises to create more than 200 research and development centres in French territory over the past five years.

Finally, I would like to mention the very ambitious agreement regarding job security that the social partners concluded in January at the government's initiative. This agreement aims to secure the careers of employees while promoting the competitiveness of our companies. In the next few weeks, Parliament will sign this agreement into law, which will also help increase the attractiveness of the French territory and the competitiveness of our economy.

Recovery in terms of public finances, competitiveness, attractiveness, and social dialogue! You see, France is a country on the move, a country undergoing significant reforms. I hope that the economic relationship between Canada and France can benefit from this dynamism.

I am pleased to note that trade between our two countries continues to progress in the current economic context. I also note that Ontario is the destination of one-third of French exports to Canada. I am happy with these exchanges, which are balanced, founded for the most part on products with a high degree of value added—the pharmacy and aerospace sectors, for example. The balance and specialization that define our commercial exchanges attest to the true partnership that exists between our two economies.

This commercial relationship can still be improved, however. It is for this reason that I fully support the current commercial negotiations between Canada and the European Union towards an in-depth economic agreement. I hope that these negotiations will conclude quickly.

Of course, economic relations between our two countries are not limited to our bilateral commercial exchanges. Cross-investment also represents a significant proportion of these relations.

As you know, French enterprises maintain a significant presence in Canada already. Almost 550 French companies are active in Canada. These companies employ more than 80,000 people. France is currently ranked seventh among foreign investors in Canada.

There again, we can still do better. That is why I am so pleased with the growing diversity of our investments, traditionally concentrated on certain major sectors of excellence—aeronautics, urban transport, energy, and natural resources. Today, our investments are also developing around the service industry and the environment. Furthermore, they are diversifying geographically, such that they now cover the entire Canadian territory.

But the rate of progression of Canadian investment in France is equally significant. In fact, France is only ranked nineteenth among the destination countries for Canadian investment in the world. I would therefore invite you to take advantage of this new strategy that we have implemented in order to increase the attractiveness of France.

Strengthening our economic relations is therefore a priority, and this is an inspiring perspective for young people in our two countries. The French government is committed to significantly increase the number of "Volunteers for International Experience," young people who join a French company elsewhere in the world upon completing their studies. There are currently 200 of them in Canada, making your country one of the countries in greatest demand. A delegation of these young volunteers is with us today and I thank them for it.

Ladies and gentlemen, you understand that my presence among you is part of a long tradition of friendship that I wanted to honour. Above all, I hoped to show you that France is a country on the move, open to the world.

We are determined to move forward and we are optimistic about developing economic relations between our two countries, particularly between France and Ontario. It is a state of mind and an ambition that we hope you will share.

Thank you.

The appreciation of the meeting was expressed by Dr. Gordon K. McIvor, President, Alliance Française de Toronto, and Director, The Empire Club of Canada.

March 21, 2013

Andrea Horwath

Leader of the Ontario New Democratic Party of Canada

CREATING JOBS AND BUILDING A STRONGER ECONOMY: BUILDING A BUDGET THAT WORKS FOR ONTARIO FAMILIES

Chairman: **Robin Sears**
President, The Empire Club of Canada

Head Table Guests

M.J. Perry, Vice-President and Owner, Mr. Discount Ltd., and Director, The Empire Club of Canada; Ryan Baird, Student, Masters of Arts in Public Policy and Administration, Ryerson University; Rev. Chris Miller, Retired Minister, United Church of Canada, and Current Chaplain with the weekly television program, "Context with Lorna Dueck"; Monique Taylor, MPP, Hamilton Mountain; Dan Schafer, Vice-President, Public Affairs and Communications, Coca-Cola Refreshments Canada; Jim Goetz, President, Canadian Beverage Association; Ruth Grier, Former Minister of Environment and Minister of Health from 1990–1995; Elliott Anderson, Chief of Staff for Andrea Horwath; and Anetta Jewell, Partner, Great Lakes Brewery, and Director, The Empire Club of Canada.

Introduction by Robin Sears

I grew up surrounded by politicians. I was eight when I met Tommy Douglas. He had come to speak at a campaign rally for my grandfather.

I was not impressed.

Family lore says I whispered to my mother, "Mom, I don't believe he really is a premier. He's too short and too nice!" I've watched charisma-challenged leaders struggle to create appealing public personalities. And in defiance of my early bone-headedness, I've been agog at the powerful impact of natural leaders like Tommy and Trudeau and Mulroney, from the moment they enter a room.

All of us, even as small children, make snap judgments about leadership charisma. It is as mysterious as falling in love: unpredictable, powerful and impossible to fabricate.

Women in politics are cruelly disadvantaged, especially at the leadership level. Lead with courage, conviction and spine and you are "hostile," "a ball-breaker" or worse. Lead more compassionately and you are, "too weak," "not a real leader." The women who break out of that trap—Hillary Clinton, Margaret Thatcher, Benazir Bhutto—combine great intuition and political smarts, quiet strength, self-effacing humour and, at the risk of being political incorrect, feminine charm. They always have great smiles, but…

You know where I am going…

Following our first meeting I walked back to my office chuckling, "The boys are going to be stunned when they discover that Andrea's sunny disposition conceals more steel than any of them possess.

From the moment she burst as an unknown onto the Ontario political scene our guest today has been tagged as a leader with impressive qualities. In contrast to all of her male competitors, then and now, Andrea Horwath shone immediately with a brighter glow, a quiet confidence and her compelling smile. Despite being the new kid, most observers concluded that she out-manoeuvred both Tim Hudak and Dalton McGuinty in the wake of the last election. And if I had a nickel for all my male Tory friends who have said in a conspiratorial whisper, "I don't know why, but I could vote for that woman; she looks like a premier," I'd have a large pile of change.

Andrea was born and raised in Hamilton, Ontario, the child of hard-working immigrant parents. She's had the tough life experience to be credible when she says that Ontario's success depends on the success of our families. She's a mother who knows how to fight. Andrea challenged the local male establishment in Hamilton municipal politics, and then in the NDP provincially, and she surprised her defeated competitors every time. Elected to

Hamilton's City Council in 1997, Andrea won a 2004 Hamilton East bye-election and has been re-elected in Hamilton Centre.

Ms. Horwath has only been a party leader since 2009, but she had a good campaign in 2011 and holds the balance of power in today's legislature. I'm part of a large multi-partisan fan club that believes Andrea is the real deal. Friends, please welcome one of Canada's most impressive leaders, Andrea Horwath.

Andrea Horwath

It's my pleasure and honour to be here, and I look forward to spending these next few minutes with you. I want to provide you with a report on what we've been doing so far, and where we hope to go in the future. A little over a year ago, we all know voters elected a minority government here in Ontario. They gave us a pretty simple set of instructions. Focus on delivering results, not partisan point scoring, not campaign positioning, just results that will improve people's lives and build a stronger Ontario. I made that the work of New Democrats. I'm proud of what we've been able to deliver. I know there's more work to do, and I believe we can get real results for Ontarians in the upcoming budget.

When the government shut down the House last fall, there were some of us who expected the election to start right away. Some of you people in this room probably thought there would be an election right away. Instead, what I did was go on the road. I listened to what Ontarians had to say. What they told me was they wanted their priorities to be respected. Families in this province are worried about finding work. They're worried about keeping the jobs that they already have. They're worried about being able to find new opportunities. They told me that their government must do better, because bringing people into the middle class creates prosperity for all Ontarians. They want the piece of mind that comes with knowing where their pay cheques are coming from, and knowing that those pay cheques are going to be able to cover the bills every month. Families are also concerned about health care. They want to know that our health-care system is going to be there for them when they need it the most. As they watch governments grapple with debt and deficit, they want to see a responsible approach that gets the books balanced without leaving them falling further and further behind, and a government that will take steps immediately towards making things right.

Since the legislature returned, we put forward a series of constructive proposals that we think are going to bring much-needed accountability to government, that are going to protect and create good paying jobs for people, for working people, and for youth particularly, close some corporate tax loopholes, make life more affordable, improve the health-care system and balance the books in a balanced way. These proposals are achievable. They're small but significant steps towards real improvement and change for the people of this province. They're exactly what we need to see if the government is going to seek our support for the upcoming budget.

When Ontario voters gave the minority government a mandate, they also gave me and the incredible team of New Democrats that I serve with a mandate to seek out and win real results for Ontarians. From day one, I've made it my goal to do the job that they actually asked me to do. I've worked hard with MPPs of all stripes to get some things done in this Parliament. That's why my first act after the election was to actually reach out to both the premier of the day and to the other opposition leader, to talk about what we could achieve in a minority situation. That's why we worked with the government to pass legislation like the creation of the Southwestern Ontario Development Fund. That's also why I worked with the Conservative caucus to press for hearings on Ornge, the high cost of auto insurance, and the decision to cancel gas plants in Mississauga and Oakville. That's why, when we were confronted with a proposed budget that looked unbalanced, we decided that our job was to deliver results and we delivered those results. We delivered support for working parents scrambling to find day care. We delivered protection for families who were worried about their local hospitals. We delivered a fiscal plan that actually balanced the books faster and, at the same time, made the budget a little more fair. That was the last time around. I'm really proud of what we were able to achieve. It hasn't been easy.

Now we're facing new challenges and we're facing new opportunities. I know that the government actually senses a desire for change. Unfortunately, after a decade in office, it's been a challenge for the government to offer much beyond the status quo. Cynical decisions like the hundreds of millions of dollars spent on cancelling gas plants after signing contracts, or the crass attempt to engineer a by-election in Kitchener-Waterloo and win back majority power by attacking former allies are all being seen for what they are: self-serving efforts from a party that's long been out of touch with people's challenges. There's been a change in leadership and a change in rhetoric, but the people who elected me are counting on something different—real results, actual change that improves their lives and tackles the challenges that Ontario is facing as a province.

Now I take the premier at her word when she says she wants to work with the opposition, but work is important and can only be achieved when the words that talk about that work are actually backed up by real actions. I've made it clear to the premier that the government can't expect the support of New Democrats unless we see results for the people of this province in the upcoming budget, because the problems facing Ontario families have not gone away. When the legislature was shut down last fall, we went to work. We started hearing from people about the challenges that Ontario was facing. We met with all kinds of different people, with corporations, boards of trades, chambers of commerce, some of the people here in this room. We met with small business. We met with unions, students, everyday families, everyday people from all walks of life. Some of them, I'll have to be frank with you, said they wanted an election right away. Others said they didn't. But for most the pressing concerns were the immediate ones. Will my daughter find a job? Will I lose mine? What will I do when my mom needs to go into a nursing home? Will there be one there for her? Are we going to be able to pay the bills this month? It's interesting, because for a long time in this province, most people considered themselves to be middle-class. More and more and more people are telling me they wonder whether or not that's still the case, whether they can still consider themselves to be middle-class. They feel as though they're being squeezed right out. Ontario has relied on manufacturing for decades, but global factors have created pressure on the manufacturing sector throughout Europe and North America, and of course here, too. We face added problems here like the highest electricity costs in the entire country. Over the last eight years in Ontario, 30 per cent of manufacturing jobs have disappeared. These were exactly the kinds of jobs that fueled our economy—jobs with pensions and benefits and good wages.

Our challenges aren't just limited to any one sector of the economy though. Ontario's unemployment rate has been above the national average for over five years. In 2011, average weekly pay cheques in our province, in Ontario, actually shrunk. It was the worst performance of any province in the country. Middle-income households, that were already feeling the squeeze before the recession, are now simply falling behind. We must never forget that it's people who are the economy. People are our economy. People who worry about making ends meet are not going to buy new homes. People who don't see better jobs on the horizon don't bother to upgrade their skills.

People who don't believe things are going to get better don't invest in the future.

There's a growing concern from economists that household debt and financial insecurity is becoming a drag on the economy. If Ontario's going to work, families need to be looking to the future with some confidence, and that is going to require real action. If we're going to create jobs and grow our economy, we'll need to change the status quo. Some other parties think the key to success is driving down wages in an attempt to become the next Alabama. I know that a race to the bottom is not the path to prosperity for our province. The provinces, in fact, that are outperforming us right now didn't do it by driving down wages. They didn't do it by closing hospitals. They didn't do it by slashing strategic support for businesses that rely on that support to succeed. They did it by working with companies that were ready to invest in their provinces. They did it by incentivizing job creation. They did it by ensuring that investments that they made led to value-added production. They did it by ensuring that other real costs, like electricity rates, were affordable.

Now, I want to be pretty clear. I believe that competitive tax rates are an important part of attracting investment and creating jobs in our province. But they're only one part. Mark Carney, the new governor of the Bank of England, has joined the chorus of voices saying that it's time to wake up dead money that's sitting in corporate coffers. I agree with that. New Democrats have come up with a plan that benefits employers while helping young people get a foot in the door of the working world. You can ask the students here from Ryerson. One of the biggest challenges facing young people is actually getting that first job with real experience, because every time they go to apply for a job, the employer asks whether they have any experience—great education, great credentials, no experience. Our "First Start" on-the-job training program offers support to those companies that reinvest in Ontario by hiring young workers. That's the kind of smart investment that this province needs to kick-start our economy, like our "job creator tax credit." That's a tax credit that rewards employers for reinvesting in equipment and in Ontario workers. Like that program, First Start is a win-win for young people who are looking for work and for employers who are seeking to build a skilled work force. We can't afford to close any doors to Ontario's work force, but it's going to require some choices. To make these job-creating investments, there's some other spending that we have to take a pass on. In tough economic times it simply doesn't make sense to me to have a tax system that actually rewards companies that shift profits out of Ontario or start to offer a new tax credit for meals and entertainment expenses. There are better ways to create jobs. There are better ways to help business. We can help employers who are ready to put young people to work instead of helping those who shift profits out of Ontario.

These are simple steps. They're simple changes in priority that I believe will make a real difference. We expect to see some of those changes in the upcoming budget. We need that kind of change if we're actually going to tackle the problems in our health-care system. For over a decade, we've been promised a revolution in home care that in fact a New Democrat, Roy Romanow, mapped out in a groundbreaking report that he did a decade ago. Instead what we have—what we continue to have—is a confusing system where millions upon millions of dollars are invested and yet wait-lists grow and people who are providing the frontline care within that system are living below the poverty line.

In Ontario we must refocus health-care resources and tackle the new challenges of medicare. We can't afford to wait and see. Experts tell us we can take immediate actions to reduce the pressures and costs in the health-care system. When some seniors are waiting in our province 262 days to receive home-care services, we know that it's time for some change. That's why New Democrats have proposed a home-care guarantee. That guarantee will ensure that all Ontarians will have access to home care within five days of being approved for service. Ontarians' health-care dollars can be invested wisely to eliminate the waiting list for home care. That waiting list is now 6,100 patients long. We can deliver a guarantee that no one who needs home-care services will be forced to wait longer than five days. Yes, this is going to require some choices. We're going to have to continue to demand some restraint when it comes to the compensation at the very top levels of our health-care system.

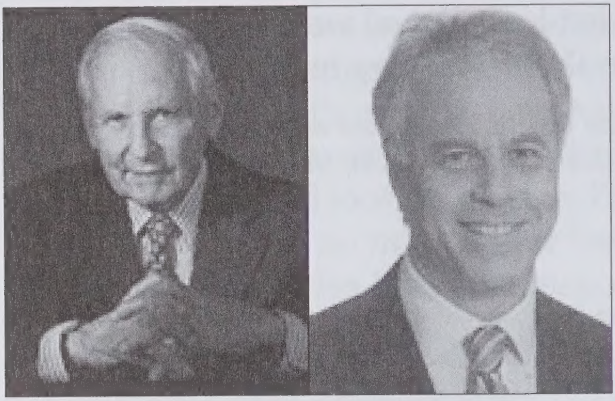
We can also find some savings in other ways. We can find some savings by standardizing procurement. We can find some savings by coordinating buying power. We can deliver responsible and achievable change that will help people who are waiting for home care. That's something that New Democrats want to see in the upcoming budget. We need change if we're going to be able to balance the books without squeezing more families out of the middle class. This might be a surprise to some of you in this room, but economists have studied the federal Department of Finance's fiscal tables, and found that New Democrat governments have run fewer deficit budgets than any other party across our country. Moreover, they have run smaller deficits as a share of the GDP. They've achieved this success by taking that balanced approach, and looking very carefully at the province's revenues and expenditures.

We need to continue to seek that kind of balance. I want to be really clear on this. Over the last decade, middle- and lower-income households have been asked to pay more and more and more. That's why we have put forward a plan to ensure that the reforms to our insurance system have reduced costs resulting in real reductions for drivers in their premiums. Putting money into household budgets means more spending in our local economy. That's an important reminder as we tackle the deficit. I think we need to take a balanced approach to revenue, a balanced look at revenue. I'm not going to support a tax increase on middle- and lower-income families because when families have that disposable income, they buy cars. They put their kids through university and college. They buy homes and invest in each other's businesses.

Our plan for balance also has to recognize that we need to work together on these problems, even if that means it's going to be hard work. I didn't agree with Don Drummond. A lot of what was in his report, I didn't agree with. I did agree with some of his key points. We need to take the challenge of balancing our budget seriously. We need to understand that it won't be easy and that it's going to take time. We need to work together to avoid simplistic, short-term fixes. In other provinces we can see that this more thoughtful approach actually works and it is working. Our governments know that change that we need in our schools, in our hospitals, in our child-care centres can't be achieved if we're at war with—or in court with—the very people who make those institutions work.

Ontario is facing some great challenges. Fortunately, we have amazing resources. We have an innovative business community and a skilled work force that attracts international investors. We have some of the best educational institutions in the world, which are undertaking world-class research. I want to work with the sectors that bring wealth, capital and people together, because we need to work together. We need to be there for families that are getting squeezed out of the middle class, and we need new thinking to create and protect good paying jobs. We need to protect and improve our health-care system so it will be there when we need it the most. We need to take a balanced approach to balancing the books so that no Ontarian is left behind, and we can build a shared prosperity together. Thank you very much.

The appreciation of the meeting was expressed by Anetta Jewell, Partner, Great Lakes Brewery, and Director, The Empire Club of Canada.



March 26, 2013

Tony Griffiths

Author, Corporate Catalyst

Howard Green

Anchor, Author and Journalist, Business News Network

TONY GRIFFITHS IN CONVERSATION WITH HOWARD GREEN

Chairman: **Noble Chummar**
President, The Empire Club of Canada

Head Table Guests

Jennifer Lee, Senior Leader, Deloitte & Touche LLP, and Director, The Empire Club of Canada; Gandhi Rohit, Student, Rotman School of Management; M.J. Perry, Vice-President and Owner, Mr. Discount Ltd., and Director, The Empire Club of Canada; Barry Reiter, Senior Partner and Leader of the Corporate Governance and Technology, Media and Entertainment Practices at Bennett Jones LLP; Ralph E. Lean QC, Chairman, Right to Play, and Partner, Cassels Brock & Blackwell LLP; Ryan Brain, Director of Operations for GTA Financial Advisory Practice, Deloitte & Touche LLP; and Andrea Wood, Chief Legal Officer, Wind Mobile, and Director, The Empire Club of Canada.

Introduction by Noble Chummar

Let me first introduce Mr. Green who will be interviewing our guest speaker. Howard Green is known to millions of Canadians. He is one of the founders of, and currently an anchor on, the Business News Network, which is Canada's preeminent source for current information and analysis. Mr. Green has won countless awards for his work in journalism and film, including a Gemini Award and two Emmy nominations for his documentary on Swiss Air flight 111. In preparing today's speech, I was surprised to learn that Howard Green has already addressed the Empire Club of Canada before. It was to an audience of this size, and it was in this very room and it was in 1959. I must say, Howard, you look very good for your age! I later discovered that Canada's former Minister of Foreign Affairs under Prime Minister Deifenbaker was also named Howard Green. As for the opinion of the Empire Club of Canada, two Howard Greens are better than one. Welcome Mr. Green.

Since its establishment in 1903, the Empire Club of Canada has provided a forum for the world's thought leaders. Speakers at the Empire Club have included Winston Churchill, Henry Ford, Indira Gandhi, Ronald Reagan, and the Dalai Lama. The Empire Club is a forum where great minds share their thoughts on issues of local and global importance. Today's guest speaker is indeed a person worthy of joining the ranks of our club's history. Mr. Griffiths is a Canadian business icon. He is a man described by the Globe and Mail as "the Mr. Fix It" of Canadian business. Tony Griffiths has rescued several Canadian companies from their demise by employing his famous no-nonsense approach of management and leadership. A Harvard graduate, Mr. Griffiths is known not only for his sharp business mind, but he is equally known around the world for his ethical approach to business and his personal integrity. He was once quoted as saying that if you don't leave your mother's knee with integrity, you will never have it. Tony Griffiths is a man who defines perseverance. He is a guy who just never gives up a fight. Ladies and gentlemen, it is my great honour to introduce to you today, Mr. Tony Griffiths.

Tony Griffiths

Wonderful to be here, Howard. Thank you for having me.

Howard Green

We're going to talk about corporate governance. Actually Penny, your wife, said that I could only ask you easy questions today, but I'm not.

Tony Griffiths

Before you start, Howard, you're getting your book acknowledged here today and I'm getting my book acknowledged here today. I thought it's only fair to say that the reason we're here is because of Barry Reiter and Andrea Wood. Barry Reiter has written a book. I have a copy here. I highly recommend it to anybody, particularly anybody who wants to become a director in Canada. This is the book.

Howard Green

Now that's a book. It's 1,040 pages, you told me?

Tony Griffiths

It's "Directors' Duties in Canada," by Barry Reiter. I know some of you are laughing, but I want to tell you, you might not want to lie in bed reading this over the weekend, but if you have an issue on a board, this is a great reference document. If you want to find out about a lead director's role or the chairman's role or a poison pill, it's all in here. I highly recommend this book. Thank you Barry for having us here today, because Barry started the whole thing, I think. Thank you, Barry.

Howard Green

Tony, first question, and I don't know if the answer to this would be in the book. Given everything that is happening right now with boards—SNC, Ackman and CP Rail last year—why would anybody in their right mind want to be a director these days?

Tony Griffiths

That's a very good question. Being a director in a business is like being a manager in business. It's something you do and if you want to do that for a living, you should take the director's certification course at Rotman or Western or wherever. You should—I can't say I always did—check on the company you're going to become a director of, so you don't walk into a hornet's nest that you didn't anticipate.

Howard Green

Are directors right now scared because of the kinds of things that have gone on? The SNC board, by all accounts a blue ribbon board, was totally caught off guard by what happened. Are directors scared?

Tony Griffiths

I don't know that they're scared. I think they're put on the alert, if you will. I say that because it is your job and if you're doing your job and minding your Ps and Qs, you can stay out of trouble. I have this funny feeling of why I'm even here because the theme is governance, and I'm not a governance person. I will tell you that right from the beginning. You say scared. I'm not scared, because everywhere I go I have a guardian angel looking after me on governance. There's Jon Levin sitting over there or Rick Salzberg here. I've seen several others. They look after me when we get deeply into governance matters.

Howard Green

I don't expect you to be an expert on SNC, but just from a process point of view, how could something like that have got so far out of hand?

Tony Griffiths

I don't know. I was on the board of Mitel in 1985. The day I arrived, the RCMP came into the company and said, "You guys have got a real problem. You've been selling semi-conductors to some country that was on the U.S. list of people you couldn't sell to." It was a shock for me. They said, "Next time we're out here you're all going to go to jail." Well, I just told them that they would never come again because I'm not going to go to jail, and I'm going to make sure none of us in this room are going to go to jail. It was a wake-up call. At the same time we had people in India and Pakistan bidding on contracts. We always came at the top end of the technological side of the bids, but we never got an order. Who got the orders? Siemens, Ericsson—all kinds of people. I don't know what happened, but I had my suspicions. I think it was Siemens that was taken through the ringer a couple of years ago on this kind of stuff. Maybe they were doing that. I don't know. We never got an order, so we pulled all the people out. I don't know the answer.

Howard Green

Does anything have to change in the way boards interact with CEOs and CEOs interact with boards, in order to prevent these kinds of things? Obviously it hasn't happened at every company, but this is a pretty major company. Does something have to change in that relationship?

Tony Griffiths

No, I don't think so. I think if you're on a board and you're not happy with the CEO or the CEO doesn't like you for some reason, you'd probably think about moving on one way or the other. There has to be an element of trust between the management and the board. As long as that trust exists, you're fine. If you're going to be chairman of the company, it's great to have a company that works like a clock, because you don't have to worry about it. Every quarter they come in and they meet or exceed their targets and everything's going well, so you relax. It's when the company gets into trouble that you find out whether you've got a good chair or you don't.

Howard Green

I know you want to talk about this. What separates a good chair from a bad chair?

Tony Griffiths

Well, first of all, maybe there should be a course on chairs. My own view of a good chair is somebody that is a constructive interface between the management and the board, and creates a sense of cohesion and a constructive collegial atmosphere. Unfortunately, I've been on a number of boards where the chair decides that he or she is more equal than other directors. Of course, you can correct me, Rick, but all directors are the same. Once you come to a decision point or point of debate about an issue on a board, all the directors are equal. These chairs somehow think they have more power. They, at times in my experience, exercise close to a veto. Then you get a division on the board. That's extremely unhealthy. Other chairs see themselves as cheerleaders. They have a special bond with the CEO so when the thing gets into trouble, they're protecting the CEO when they should be moving away and listening to their fellow board members. Those are two kinds of issues. A good chair tries to build cohesion and consensus.

Howard Green

Let me ask you about directors, then, beyond the chair. I know you said earlier you're not so much a governance guy, but it's inescapable to avoid that word here today. As you know better than I, there was a big fuss about governance after Enron and WorldCom and so forth. Sarbanes-Oxley came in. It's almost been forgotten. It's such a quaint notion relative to what happened in 2008–2009. That brings up AIG and Lehman. Why didn't directors act, in your view, in those kinds of cases? Let me ask you more broadly. Why don't directors act when they should?

Tony Griffiths

I can't answer that question, except in my own experience. I guess I'd put it this way. If you ask a lawyer about a board issue, you get what I call a professional, legal answer. If you ask an accountant a similar question, you get a professional answer, professional because they are professionals. If you have a generalist as a director, sometimes they're there because they have a good name somewhere and they're not really business people. What I would encourage anybody to do who is a director, is to maintain their professionalism and do their own homework. I've always said to myself if I don't like what's happening, what would I do about it? I figure out what to do about it and present that. Sometimes you get a buy-in from the board and other times it becomes very divisive.

Howard Green

Aren't you at the mercy of how much information the CEO is willing to give you?

Tony Griffiths

You are sometimes, but I'm a great fan of what I call benchmarking. You get into a company and it's not doing well. The first thing I do is ask what the competitors are doing. Analyze what your competition is doing. I have a great example of that—Harding Carpet back in the early eighties—when I didn't know anything about the carpet business. The CEO who had been there a year and been recruited as a carpet expert, came in. The situation got worse after the year. We asked him what we were going to do. He told us not to worry about it; all our competitors were in trouble. I went to my office and I got out the financial postcards. Most of you don't remember what they are, but this was before the Internet. I got out the financial postcards and I got eight carpet companies. I started looking at them and bang! There were one or two making lots of money. Then I worked back from there and asked why they were making money and we were not making money. I guess a parallel would be the Ackman CP takeover, because one has to wonder what was going on at the CP board. My guess is they were sitting there thinking they were okay and they were doing fine. Somebody else said, "You're not doing fine." They didn't seem to rise up and deal with it. They just lived in their little cocoon.

Howard Green

How about they were paralyzed with fear?

Tony Griffiths

Well, they should have been alert to the benchmarking of that industry, so that they shouldn't have been put in the position of fear. They should have initiated things that were forced upon them later on. I'm sitting here looking at a gentleman called Bill Gregson. He's my classic example of a guy who was brought into a company called The Brick. In one year he transformed it for the better. He's asleep right now.

Howard Green

We've seen in the last while a lot of CEOs move on from their jobs. My question is, "Why don't we see more boards get shoved out?" We see CEOs get shoved out all the time. Boards went along with Rio Tinto's acquisition of Alcan. The Barrick board approved the acquisition of Equinox. The list goes on. Why do boards survive and CEOs don't?

Tony Griffiths

Well it's odd that you ask me that because just in the last week or so I was reading The Economist magazine. There was an article, the title of which was "Shareholders at the Gates." The prediction—and it's probably true, it's gathering momentum—is that shareholders are standing up and not putting up with the mediocre performance of a company where somebody goofed. What's he or she still doing there? We are all human. I think what happened to the Rios of the world, and there are so many examples, is that you had this boom in raw materials. The top people and the management got carried away with euphoria and bought these things at the peak prices of iron ore or gold or whatever it was. The criticism now is you've seen a lot of boards that have been criticized because they're still there, although the CEO was bounced.

Howard Green

What about stock performance and boards? You've got examples of many companies with good boards but their stocks don't do so well. Thomson Reuters and General Electric are two big examples, where their stocks haven't performed particularly well for a number of years, yet they have arguably strong boards. Is there anything that you can talk about in that regard? Is there responsibility on the part of the directors to somehow get better stock performance?

Tony Griffiths

Well, I think it's a huge responsibility. On the other hand I guess I'm a little old-fashioned. If I don't think a company's performing well, I feel I should sell my stock and move on and somebody else can come in. You give it a little time, two, three, four years, but if the company's languishing after five or six years, maybe a guy like Ackman will come along and do something with it. I saw him on your show once. He was very good. I don't know him.

Howard Green

What would you do if Ackman came knocking? If you had been on the CP board, for instance, what would you have done?

Tony Griffiths

Well, I would have hoped that if I'd been on the CP board I would have done my homework, particularly at the time when people like Ackman were starting to rattle the sabre. I would do my homework and ask if this guy was crazy. It seemed to me that the CP board took on what I would call a siege mentality and they didn't react to it. I always say you can control a situation for a while but you can get to a point where you lose control and then it's all over for you.

Howard Green

What about the issue of succession, CEO succession? Many governance types have told me over the years that that's the number-one responsibility for a director, making sure that there's a proper succession plan in place. I don't know if you agree with that. In the instances of Rogers and Encana, for instance, it seems like those companies caught the market by surprise. All of a sudden there were announcements about their CEOs leaving. How big a responsibility do directors have on that score?

Tony Griffiths

Well, you say it's the first obligation of a director. I think it's probably the second. The first one is to hire and fire the CEO. If you have the wrong CEO you've got to get rid of him or her. That's the first issue. I guess that dictates the second. If you're going to do it you better have something else in mind. Most companies I've been involved with have a plan. We don't always enunciate it because there's no need. You don't know when the guy is going to get hit by a truck. You carry on, but you do have a plan. Yes, definitely it's the board's obligation to have one. It's very satisfying when if you own a stock and something happens to the CEO, there's a predictable transition; it's very comforting.

Howard Green

At one point you said "he" and then you said "and she."

Tony Griffiths

I'm already in trouble.

Howard Green

Women on boards, women in the corner office.

Tony Griffiths

I'm all for it. In fact, as they say, I'm glad you asked that question. In this morning's Globe and Mail was a headline under governance that women are smarter than men in complicated situations. I have it in my little black bag here if anybody wants it. There aren't more women on boards because when I was graduating from business school, first of all there were no women in business schools, let alone mine at the time. Now there are increasingly women in business schools. I think in a couple of them, the women now exceed the number of men. What I always say is the pool of women eligible, by that I mean properly trained in business, hasn't been there until now. My prediction is we are in the crossover period right now and the pool is growing. Give it another 10 years; there'll be more women on boards, especially with an article like this, because it's probably true. Women are smarter than men. You know that, Howard.

Howard Green

I do know that. I'm going to follow up though, because there have been a lot of women in business schools and law schools for a while now, at least through the period since I graduated from school. The pace of change has been glacial. Every year Catalyst comes out with its report. The numbers virtually stay the same. I don't know what they are. Thirteen percent of corporate directors are women. Fewer are CEOs. Why is it glacial, even though there are those women out there presumably with the qualifications and more qualifications?

Tony Griffiths

I don't have a finite answer to that. I use the analogy of back in the sixties when people started saying we've got to have a French-speaking person on the board. There were so few eligible names back then because typically in Quebec, you were brought up to be a doctor, a lawyer, or a teacher, so there wasn't the pool of talent for business there. Now if you want a French-speaking director, it's a piece of cake. I think women are coming up through areas of the banks and other places. The long and the short of it is again it's just a question of time. It's going to happen.

Howard Green

What about when people leave boards? We do have people who occasionally leave a board. The public never finds out why, unless there's a source who shall not be named, a person familiar with the situation. Should companies have to disclose why people leave boards, because sometimes presumably it's relevant and material to?

Tony Griffiths

Well it could be. The company that comes to mind, of course, is Hewlett Packard. It has been through this two or three times in the last eight or 10 years. It has an accident-prone board. From my point of view, unless it's for some horrible reason, the best time to leave a board is when the annual meeting comes up. You just say I don't want to stand and you can use a lot of reasons. If you choose to leave in the middle of a term, it is awkward. Unless you want to blow up your company if it's a bad reason, there's a tendency not to talk about it. It could be detrimental to the company, depending on the reason.

Howard Green

What do you think about the courses that people are taking to be directors these days?

Tony Griffiths

I think they're outstanding. These didn't exist until the last 20 years. There are many, many of them, as you know. I think it's a terrific thing. Once again I would say that every director should have a copy of this book, because, in fact, if you read this book you don't need to take the course.

Howard Green

Barry, do you have them on sale here today?

Tony Griffiths

By the way, I should say that Howard is writing another book. He wrote "Banking on America." He's writing another book about his own life. It's called "Fifty Shades of Green." Is that right?

Howard Green

I'm blushing, Tony. Yes. Where was I? We're getting near the end and I hope you've thought of some questions because we're going to open it up to questions in a couple of minutes. I want to end on something positive because I've been hammering away at you here. You like the notion of so-called rebounders, people who've had a knock but come back. Can you frame that for us in the context of our conversation here today and corporate life?

Tony Griffiths

Actually that word came to me out of a book I read not too long ago. It's called "Rebounders." It's written by a guy, I think, called Rick Newman. It's the story of 10 individuals who had crises in their lives of one kind or another and rebounded. It makes me think of so many people who I know in business, particularly entrepreneurs.

I have a friend whose board I was on in Ottawa. The name of the company is Calian Technologies, a very successful company. I read a book by the guy who founded the company and subsequently became a controversial mayor of Ottawa—Larry O'Brien. The book is called "Ethical Entrepreneurship." In it he talks about his first attempt at building a business and how he was so naive, he got completely wiped out. He picked himself up off the ground and started all over again.

In the book "Rebounders" there are three or four really interesting articles, chapters, one on Bogle who built Vanguard Equities Group. He had terrible problems in his early life before he pulled off the winner. Another one is James Blake, the tennis player who had a very bad accident and nearly broke his neck. He was out for two years and then he came back and his father was dying. He was close to his father so that put him aside for another year. Then he got shingles in his eye of all places. Actually being a tennis fan, I happened to have watched tennis last night or the night before and there he is playing. He's a rebounder.

I've been out talking about my book to MBA students. All these MBA students ask how you do this and where are you going and all this sort of stuff. The only advice I give them is first of all look at your business life, number one, as an adventure. And B, if something bad happens and you get knocked down or you lose a lot of money or something, get up and grow out of it; be a rebounder. That's what a rebounder is.

Howard Green

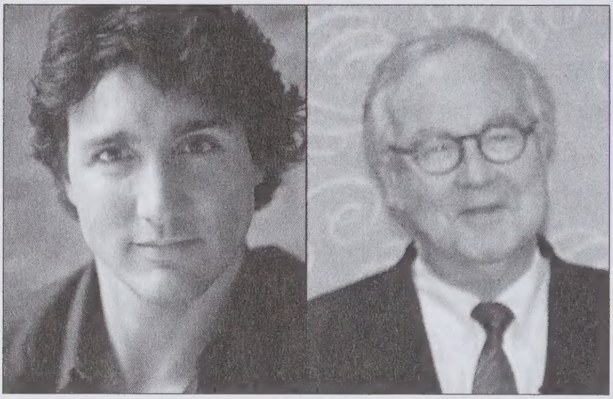
That's great, Tony. Thanks very much.

Tony Griffiths

Thank you, Howard.

The appreciation of the meeting was expressed by Barry Reiter, Senior Partner and Leader of the Corporate Governance and Technology, Media and Entertainment Practices at Bennett Jones LLP.

THE EMPIRE CLUB OF CANADA



March 27, 2013

Justin Trudeau

Candidate for the Leader of the Liberal Party of Canada

John Cruickshank

Publisher, Toronto Star, and President, Star Media Group

JUSTIN TRUDEAU IN CONVERSATION WITH JOHN CRUICKSHANK

Chairman: **Robin Sears**
President, The Empire Club of Canada

Head Table Guests

Mr. Brennan McEachran, Founder and CEO, HitSend Inc.; Captain Neil Thomsen, Evangelical Lutheran Church of the Reformation, Kitchener, Regimental Padre Royal Highland Fusiliers of Canada, Cambridge and Kitchener; Cam di Prata, Private Investor, and Director, The Empire Club of Canada; John Cruickshank, President and Publisher, Toronto Star; Signe Leisk, Partner, Cassels Brock & Blackwell LLP; Noble Chummar, Partner, Cassels Brock & Blackwell LLP, and President-Elect, The Empire Club of Canada; J. Niall Haggart, Executive Vice-President, The Daniels Corporation; The Hon. David R. Peterson, Former Premier of Ontario; Joseph

Mancinelli, International Vice-President and Regional Manager, Central and Eastern Canada Area, LiUNA; Remo Agostino, Director of Development, The Daniels Corporation; Cosmo Mannella, Business Manager, LiUNA Ontario Provincial District Council; Marlene Floyd, Principal, Earnscliffe Strategy Group; Dr. Gordon K. McIvor, President, Alliance Francaise de Toronto, and Director, The Empire Club of Canada; and Farah Prashadcolah, Student, Master of Arts in Public Policy and Administration Program, Ryerson University.

Introduction by Joseph Mancinelli

John Cruickshank

Justin, thank you so much for agreeing to talk with us rather than to talk at us. That's a wonderful innovation in thinking about communicating with Canadians. I know that at a certain point as this opportunity appeared, you felt kind of reluctant about jumping in. You weren't sure that it was the right thing to do. Perhaps you even feared replicating some of the frontrunners that didn't succeed when it came to game night. Can you talk a little bit about why you made the decision to do this?

Justin Trudeau

Thank you. First of all, this format was one that was interesting to me because I've been across the country giving an awful lot of speeches. One of the things that I find is all too often politics is not about the kind of conversations that we need to have. Folded up in my decision to eventually actually seek the leadership of the Liberal Party was this idea that politics needs to be done differently. Every politician says that, so actually trying to think about how it should actually be done was key to my reflection. For a long time I, as you said, was hesitant. There was a sense that the Liberal Party was looking for quick fixes still, even after all the losses of the past years. People turned to me without knowing me and the legacy and everything that goes with me and said, "Okay, we'll pick Justin and everything will fall into place." It really worried me that so many people were thinking that way. It made it a very easy decision for me to say no. I'm not giving that option to that easy way out. We have an awful lot of work to do together and I'll do it as a simple MP. Then as time went on, I found myself in the very serene position of having said no, I wasn't going to do it and that actually allowed me to think about it in very detached terms, detached from everyone who said you really should do this or you need to do this and say okay, should I? And most importantly, could I? Was the balance between family and the life something that I was willing to undertake, as someone who had certainly known it better than most from my own experience growing up. It shifted from, "I can't run for leader because I love my kids too much" to "I need to run for leader because I love my kids so much." I realize that being a good father means a parent is not just about being there every night to tuck my kids to bed. It's about making sure I'm doing everything I can to provide for them. My skill set, I think, lends itself to building a better country for my kids to grow up in. That's ultimately what made me change my mind.

John Cruickshank

Your focus in the early going has been building a better party, as much as looking at the bigger issues.

Justin Trudeau

Yes, very much. I think the challenge that we identified as a party was that the Liberal Party had no longer the capacity to connect with Canadians, no longer had earned Canadians' trust and confidence. For me it's not about demonstrating to the Liberal Party that we're smart and we have the solution and the answers to bring forward that will fix this country's challenges. It was about instead drawing Canadians back in, not just to the Liberal Party but to the idea of politics, to the sense that each and every one of us as citizens can and must contribute our voice, our concerns, and our actions to shape the country that we're so proud of. That, for me, was the big challenge. How do we draw Canadians who are increasingly cynical back towards politics? That happens by reaching out, by building an organization that has 10,000 volunteers right across the country, a strong presence of riding captains and volunteers in every single riding across the country. That organization is the base of it.

John Cruickshank

Since we're so close to Bay Street, sitting on its edge, I thought I'd better ask you some financial questions, some economic questions. As you know, I come from the Toronto Star, so we characterize those questions always in social justice terms. The issue that has become a big one everywhere in the first world, but one that is felt acutely by many Canadians, is the growing division between especially the very richest and the very poorest in this country. The government in place has alternately said they don't have the tools to do anything, or they don't have the will to do anything. How can you achieve the kind of economic growth we need to employ young people and achieve a level of social justice as well?

Justin Trudeau

That's the central question that Canadian governments over successive iterations and ideologies have always struggled with, because we are a country that has figured out that they both go together—a strong economy and a strong sense of social justice and the kind of economic opportunities and upward mobility that really has defined this country. All generations successively have been able, through their hard work, through being there for each other, to create opportunities for the next generation that are greater than we ourselves achieved. Before we get too far into the detailed economics of it, I think it's really important that we lay out the base idea of what makes a strong economy? How do you define a strong economy? For a long time we've just anchored ourselves in GDP and growth and trade balance and productivity measures. Those are all important indicators, but I think ultimately we have to remind ourselves that a strong economy is one that provides the largest number of good jobs for the largest number of Canadians. We are too small a country in relative terms to the United States, to the entire world actually, to allow ourselves to not focus on drawing the very best out of every single individual. For too long, the way we've defined our economy has allowed us to forget about the centre and the strength of the economy, which has always been a prosperous, vibrant and upwardly mobile middle class. We have lost that in this country. Over the past 30 years, even though the economy has grown over 100 per cent—more than doubled in size—median family incomes have increased by only 13 per cent. We have over the past 30 years collectively and with governments made a deal with citizens, with voters, to pursue a growth agenda. That means investments in education. It means openness towards trade. It means support for businesses and an approach that has very much been pro-growth. The deal underlining that approach has always been that the middle class, that the people who worked hardest day in and day out, people who make average family incomes of about $65,000 after taxes for two-parent families, get to participate in that growth and prosperity.

One of the things that I've seen right across the country is that people have the sense that Canada's doing well. Our country is doing well if you ask them. They keep hearing we're doing better than Spain and any other example. When you press them a little harder, you say Canada's doing well, how are you doing? They admit that there are challenges. As incomes are stagnating and people haven't really had a real raise in the past 30 years, we're facing the fact that costs are rising, as they do. Personal and household debts are exploding.

There's a very fundamental breakdown that has allowed for the politics of negativity and division and cynicism to hold sway because Canadians are unsure that collectively we are prospering by this great Canadian project that this country is doing well for everyone. We see it in the fact that the middle class is struggling. We can't seem to turn that around. I'm a big fan of the Atkinson principles. We have to make sure that we're giving opportunities and a capacity to succeed to the most vulnerable in Canada. The way we do that is by providing them a ladder where they can hope to achieve strong middle-class jobs, where they can provide for themselves, and where we, as a society, have the economic success that allows us to create the services and the opportunities that our most vulnerable needs. That goes through a strong and prosperous middle class. That, for me, is what I have talked about since the beginning of this campaign. It's not the lens through which we normally look at economics. It's certainly not the lens that we're seeing from this current government in terms of the budget. They say they don't have the will. They say they don't have the ability. I'm sorry. I don't believe that because Canada has met and achieved extraordinary things in the past when we pulled together, when we worked together, when we had a vision for solving the challenges that come inherently with having a place too big, too empty, and too damn cold too many months of the year.

I will not allow us to simply coast and say this is a real problem so we're not going to deal with it. We need to once again engage with these issues in a substantive, long-term, structural way and not just tweak around the edges because of political targets that this current government has set itself.

John Cruickshank

Can you talk a little bit about how concretely your agenda would differ from that of this government on these issues? We're always hearing about tradeoffs; we can't do anything about the environment because there's a tradeoff.

Justin Trudeau

That's a great example; let's start with that. We have a government that has been single-mindedly focused on the economics side of the false question—economy or the environment. They're still thinking there's a choice to be made, one or the other. Their single-minded focus on economics and their putting aside of the environment has actually led us to the position we're in on the Keystone pipeline, for example, which is an extremely important initiative for this government in terms of getting our raw resources to market. The Americans have turned to us and are saying, "You know what? Because you haven't done a good enough job worrying about the environmental impacts of your economic development, we're having a really hard time approving the actual prosperity agenda that you're putting forward." This is something that is entirely of the Conservatives' own making, because we have pushed all of them, in the House, all opposition parties, to do something about climate change and take significant action. Every time, they say, "No, no, the economy's too important." What we're discovering is the economy is too important to neglect the environment. That's just one example of the false choices.

The other one is one that's near and dear to my heart, that the challenges of our future will only be met by investing in our greatest resource. We have a lot of advantages in this country and tremendous natural resources under our feet. Those aren't our greatest resources. Our geographical situation—perched on top of the U.S. with easy ties back to Europe or forward to Asia—gives us a tremendous advantage. That's not our greatest advantage. Our greatest advantage remains Canadians ourselves—open-minded, value-based, ambitious, confident, willing to challenge ourselves and our role and become better. That's why I support a target of 70 per cent participation in post-secondary education, up from 50 per cent. That just doesn't mean more university degrees. It means a better emphasis on skills training, on diplomas, on trades, on apprenticeships, on the kinds of things that are going to drive this country forward.

Now the government put forward an agenda around the budget that says it's willing to invest in training but the provinces have to come up with $5,000 in matching funds—new money from what the government's going to put forward—and we have to find private-sector partners. There's a really interesting dynamic around training that I don't think this government fully appreciates. Training has to be federally funded to almost its entirety. Yes, we need to make sure that the provinces and the regions on the ground, that have access to what actual skill shortages there are, deliver and direct it, but because of interprovincial mobility that we want to encourage, we can't expect provinces to invest huge amounts of money more than they already have without having the federal government say, well, we understand Canadians criss-cross the country and therefore we have a responsibility as a whole. The private sector is always worried about over-training its people so that they can go off and find a better job with people who can pay them more because they haven't had to pony up for training programs. There are real, inherent contradictions in that. For me, yes, we need private-sector participation. Yes, we need to make sure that we're working with the provinces and the regions that know what the needs are. Ultimately it is the federal government that needs to make sure that we are investing directly in Canadians' capacity to learn and to retrain, and not just young people. The fact that we're going to go through five or six different careers through the course of our life means that it is the workers who need to have the ability and the capacity to reach out, to relearn, to develop and to grow. These are things that this government simply doesn't get in terms of investing in people.

John Cruickshank

I think everybody here agrees with the notion that it is the people of Canada who are its great wealth and its great strength. We have at various times in our history hobbled ourselves by our divisiveness. You reached out to the West in a fascinating way, symbolically and historically. You also took a very firm stand on issues within Quebec, and distinguished yourself very much from Tom Mulcair. Talk a little bit about that and about your view of the country as a whole.

Justin Trudeau

I think everybody knows, as I'm constantly reminded from Liberals who are terrifically worried about what might happen after this leadership race is over because it's happened in the past, the Conservatives are going to go extremely negative, because that's just what they do. We know that it works. They do it because it works. Negative ads work. They don't work in terms of convincing people to vote for Mr. Harper instead of that nice Mr. Ignatieff or Mr. Dion or perhaps Ms. May or Mr. Trudeau. What they work to do is convince people not to vote for the person who's the target of the ad. It's fundamentally about suppressing the vote, about convincing people to stay home and to disengage. That's part of why there has been such an increase in cynicism while there has been a decrease in voter turnout. I look at what Mr. Harper has done. The political scientist in me is impressed by the level of control and dominance and aggressivity and strategic divisions that he's been able to achieve a majority government with, but I know that it doesn't represent what Canada is. We are a country of extraordinary diversity that was founded by the founding peoples, English and French, drawing on the wisdom and the experience of living on this land for tens of thousands of years by our First Nations people. From the very beginning we had to understand that someone completely different from us was just as Canadian as we were. That has evolved into a country that defines itself not as strong in spite of its differences but strong because of those differences. Yes, there's a lot of fault lines we can play up to divide this country, but for me it's much more interesting to look for those common values that actually define the Canadian identity, because we're not defined by religion or language or culture or ethnicity or other backgrounds. We're defined by shared values of openness, respect, compassion, justice, a willingness to work hard, a desire to be there for each other, equalities, these kinds of things that come together to articulate the particular shared identity that we have as Canadians, that resonates from coast to coast to coast.

When Mr. Mulcair decided that the best tactic to take to defeat Mr. Harper was to follow his lead and to choose to divide by attacking the resource economy of the West as a way of leveraging votes from the progressives in the East, by playing extremely dangerous games with soft nationalists and sovereignists in Quebec as a way of reinforcing his own base, I am reminded of why it is so important that the Liberal Party exist, that we remain, a pragmatic, values-based alternative, a government or a party that is not going to be wrapped up in a particular ideology of the left or of the right, but very much look at what works, what does evidence tell us; base our policies around best practices, and reach out to try and build, not for one region of the country we think we can win over but all regions of the country where we need to resonate around the same values and the same goals, because that's what we have. I'll admit it. It's a bit of a gamble, because right now I'm hinging an awful lot on the fact that Canadians are tired of being cynical, that if given a choice we won't simply be satisfied with voting against the left from the right or against the right from the left, but instead actually vote for a vision, a comprehensive view of this country, that includes everyone and every region.

Of course, before we can present the actual platform that will have a vision and a long-term view of the strength of this country, we have to do a good job of reminding Canadians that politics is supposed to be about a comprehensive platform, a long-term vision for this country, a sense of how we're going to build together. That's the gamble I'm taking. If there is one thing I learned from my parents, it's that it's not much of a gamble when the gamble is trusting Canadians to do better, to be more, and to step up, because that's what we've always done.

John Cruickshank

The issue of disengagement is particularly acute amongst youngest Canadians. When you look at voter participation in federal elections, the lowest participation rates are actually the last four federal elections in the history since Confederation. It's all driven by the fact that younger Canadians are not entering into the political mainstream. That's also not a bad way of looking at the broader democracy gap that young people feel. They don't feel that level of engagement. How do you speak particularly to them?

Justin Trudeau

I think one of the things that we have to remember is that young people get a bad rap sometimes for being overly cynical and apathetic. The reality is, for those of you with teenagers who are studying, or who know what young people are going through, there is a generation of young people who are more informed, more aware, more conscious of what's going on around big issues and the world around them than any previous generation. The apathy, which does exist, comes not from not caring about the world but from caring so much. There's a level of frustration that they don't get to weigh in, that they don't get given the tools that actually allow them to contribute, to shape the world that they're supposedly going to be inheriting. One of the things I find is that it's not that young Canadians are disengaged or disinvolved. Yes, young Canadians are at a higher level of disengagement than others, but every age range is disengaging from politics. It's not a reflection of citizens not understanding how to shape the world around them, or the importance of it; it's a reflection of the fact that people increasingly don't see politics as a meaningful way of shaping the world around them for the better. They're happier to get involved in local community shelters or organizations, help out with a meaningful foundation in their city or their province, and take on a big single-issue cause, whether it's the environment or social justice or human rights around the world. We've just thrown up our hands and decided politics is just about attack and negativity and winning and gaining and holding onto power, not about serving. For me, that's exactly what we have to draw back to. I'm incredibly lucky that both my father was a strong example of how politics can shape the world for the better, and also my grandfather, my maternal grandfather, James Sinclair, who served as an RCAF officer in the Western Sahara during World War II at the same time he was Member of Parliament for Vancouver North, elected in 1940. He served until 1958. I understood that, even though most of my friends grew up with parents throwing shoes at the TV and yelling about broken campaign promises or higher taxes. I got to see that politics can be a very powerful way of shaping the world around us. That's why I'm very much excited about what this campaign has done. Tens of thousands of young people have taken an interest in this campaign. Over 10,000 have actually actively volunteered and are making phone calls, going door to door, are organizing, and really believing that politics can and must be a meaningful vector for change in this world. By dint of their belief that it can be, it becomes so.

John Cruickshank

Premier Wynne made a very powerful statement at a speech she gave a little more than a week ago, and I believe you attended. Her focus was precisely on the poison in politics today, a poison that comes from a level of partisanship that trumps the interests of citizens. How can you avoid it? How can you go into a leadership position? How can you rebuild your partisan base and avoid that kind of poisonous partisanship?

Justin Trudeau

I think there are two ways of looking at it. The first one is almost philosophical, where I realize that I'm doing this not because of the great salary and the glory. I'm doing this because I deeply believe that I have something to offer that this country could use. The focus that I have is on actually addressing some of the big structural challenges that have crept up on us while we were coasting. For me, you can't do that if people are just willing to pick the least worst or the one that will mostly stay out of their way, to let them try and thrive and survive on their own. Canada is a country that builds together, that works together, that has a government that understands, in the ideal, that there is a role to play for government in offering stability and opportunity for everyone. It's not the heavy-handedness we've seen in the past. I don't think we can actually achieve the goals that I've set out in politics to achieve if we start to go negative. That's the theoretical base. The practical base is that we have two parties that are ideologically based around the fringes. If you think of the Canadian electorate and its interest in politics as a bell curve, the NDP and the Conservatives have managed to wrap up the political fringes and have drawn them in. Political fringes are the extremes where you can mobilize the most enthusiastic, passionate advocates of particular polarized positions. They're great for fundraising, they're great for volunteerism and organization, but they're all wrapped up on the hard left and the hard right. What we as a Liberal Party need to be focused on is the actual large mass of Canadians who pay attention to politics during election times or monitor it out of the corner of their eye as they leaf through the newspapers or watch the morning news, but who are not driven by a specific polarizing issue. Our challenge as a party is how to get those people to re-engage fully in politics. That's where we see the decline in voter turnout. I believe that the decline in voter turnout that we've seen over the past decade or so is directly contributing to the decline of the Liberal Party. As people who go about their daily lives with all their concerns and responsibilities and priorities begin to believe that politics is less useful or meaningful than before, then we get a dominance of the smaller numbers of people who are more and more polarized. For me, going positive as Premier Wynne has talked about, is really the only way to fold people back in to the kind of conversation, the kind of project that this magnificent country actually represents. It is for us once again to be involved in rebuilding this country as citizens, as members of families, as workers, as employers, as employees. We as Canadians get to decide how we are governed and how the world around us unfolds. We've absolved ourselves or we've distanced ourselves from that responsibility too much over past years, which has allowed the politics of negativity to hold sway. Again, I'm taking a bit of a gamble declaring that I will not go negative, declaring that I'm willing and open to fold in people from everywhere, that I'm willing and have decided that local riding associations are going to pick their next candidates for the Liberal Party, not the leader. These are the things that matter most to people because what we've seen, particularly out west in the Reform base of Alberta where I was stunned to see 250 people come out to see me in Ponoka, which is north of Red Deer. If 250 people are coming out to see me in rural Alberta it's not because they think the name is glamorous, it's because people are tired of electing good people to be their voices in Ottawa and instead get representatives from Mr. Harper back in their communities. That's got to stop, and that's the kind of openness and positive engagement that I truly believe Canada not just deserves, but Canada desperately wants. That's what I'm hoping the Liberal Party will do.

The appreciation of the meeting was expressed by Cam di Prata, Private Investor, and Director, The Empire Club of Canada.

April 4, 2013

Richard Garneau

President and CEO, Resolute Forest Products

RESOLUTE ON SUSTAINABILITY: TAKING CORPORATE RESPONSIBILITY TO THE NEXT LEVEL

Chairman: **Noble Chummar**
President-Elect,
The Empire Club of Canada

Head Table Guests

William White, Chairman, IBK Capital Corp., and Director, The Empire Club of Canada; Adam Martin, Postdoctoral Research Associate and Sessional Lecturer and Graduate, Master of Forest Conservation and PhD Program; Elder Gilbert Smith; Jeff Watchorn, Managing Director and Head of Diversified Industries, BMO; The Hon. David R. Peterson, Chairman, Cassels Brock & Blackwell LLP, and Former Premier of Ontario; Jim Bradley, Minister of the Environment; Tim Smitheman, Manager, Government and Public Relations, Samsung Renewable Energy; Verity Sylvester, Managing Director, CV Management, and Past President, The Empire Club of Canada; Remo Agostino, Director of Development, The Daniels Corporation; Cosmo Mannella, Business Manager, LiUNA Ontario Provincial District Council; Marlene Floyd, Principal, Earnscliffe Strategy Group; Dr. Gordon K. McIvor, President, Alliance Française de Toronto, and Director, The Empire Club of Canada; and Farah Prashadcolah, Student, Master of Arts in Public Policy and Administration Program, Ryerson University.

Introduction by David Peterson

Richard Garneau

Ladies and gentlemen, good afternoon.

Let me begin by thanking the Empire Club for the opportunity to talk to you about an industry that has been so much a part of this country's history and economy; about a company whose roots run almost as deep as the industry itself; and about the challenges of the recent past and our hopes for a long-term corporate future.

Transformation of an Industry

The past decade has taken a significant toll on our industry. Mills closed and companies disappeared, often with dramatic consequences for the communities in which they operated. Over the past seven years, close to 90,000 jobs were lost across the country, with most of those in northern and rural areas where the loss of good jobs can be particularly tough and where the likelihood of equivalent economic opportunities is low.

A large part of this is because we as an industry have gone from our historic position as the supplier to the world to simply being a supplier in the world—a shift that shocked employees from the shop floors right up to the executive suites.

Today, however, the industry has turned a corner, and while we're not yet out of the woods (so to speak), things are looking better. And—despite the naysayers—the forest products industry remains important to Canada's economy. Forestry is a $57-billion industry, representing 12 per cent of the manufacturing GDP, and directly and indirectly employing almost 600,000 Canadians. And while it may not be the job creator it once was, it can remain a significant employer, a wealth creator, and a source of regional stability.

We know that the forest industry provides livelihoods for thousands of families and a viable economic future for communities across the boreal. In many of these communities, Resolute's operations are the anchor for the local economy. According to the Canadian Forest Service, some 200 Canadian boreal communities rely on the forest sector for at least 50 per cent of their income, with another 222 communities depending on the boreal for at least 20 per cent of their income. This proves that there is, after all, life north of the 401.

As an industry, we've aggressively worked to expand our export markets, in part due to the emergence of a sharper-edged and more protectionist stance on lumber by our historic major trading partner, the U.S., and in part to the falloff in demand for our products in this market during the economic downturn and technological changes in society.

Where the U.S. used to account for over 80 per cent of our total exports—I'm talking now about pulp and paper as well as lumber—our efforts at selling into Asia, in particular, mean that the U.S. today accounts for just over 60 per cent of exports. This is also partly due to declining markets there, including a decline in housing starts. Indeed, the forest sector is now Canada's number-one exporter to China.

In 2013, and again contrary to popular belief, we are also an industry with strong productivity. According to data from the Forest Products Association of Canada, we have consistently outperformed the Canadian general economy and other sectors here in Canada in terms of labour, capital and multi-factor productivity growth.

We are now an industry that sees innovation as a key part of our future, seeing the forest as more than just trees. We're investing in research and development that helps us stretch the value and benefit from the trees we harvest. We're developing new products that allow wood to be used in additional and better ways. And, we're partnering with other industries to pioneer entirely new and innovative uses for wood fibre; for everything from auto parts to cosmetics.

But perhaps the most important factor in ensuring our future is the industry's overall commitment to sustainable development. Canada's forest products industry is widely recognized as one of the most environmentally friendly in the world.

Canadian producers have become global leaders in producing sustainable forest products under strict environmental rules and the industry has a strong commitment to sustainable forest management. Producers have most of the forestlands they manage independently certified to one of three internationally recognized sustainable forest management certification systems. In a world where only 10 per cent of forests are certified, Canada accounts for over 40 per cent of that total.

Since 1990, as an industry, we have invested $9 billion in becoming greener—not just green, but even greener. Today, roughly 75 per cent of the paper being used in Canada is recovered. Since 2000, the industry has doubled the amount of recycled paper it uses. As well, integration between pulp and paper mills and sawmills allows us to optimize the use of the fibre that is harvested.

And in other areas, water use is dramatically down, energy efficiency is dramatically up, and as an industry, we are leaps and bounds ahead of the heavy industrial comparables in terms of improving our environmental footprint.

Transformation of a Company: Resolute Forest Products

So where does Resolute Forest Products fit in? First, it represents the coming together of some of the great names of Canadian industry—Abitibi, The Price Company, Donohue, Consolidated Bathurst, Great Lakes Paper, and CP Forest Products, to name just a few.

We are a key Canadian player and a global leader in the forest products industry. We produce commercial printing papers and newsprint for a wide range of printing needs including major publications the names of which you would immediately recognize, market pulp for use in products like tissue, paper towels and hygiene products, and lumber and wood products for building materials and specialized structural and industrial applications. Our annual sales are over US$4.7 billion and our products are sold in about 90 countries around the world.

We own or operate over 40 pulp and paper mills and wood products facilities in Canada, the U.S. and South Korea, as well as power generation assets in Canada. We also have a waste fibre collection business and operate the last 100-per-cent recycled newsprint mill in Canada. And Resolute employs over 9,000 people in communities across Ontario, Quebec, the southeast U.S. and South Korea, with many of those facilities in towns and regions where our operations are the major economic force.

Like the rest of our industry, we have been through very challenging times over the last decade—with some of those conditions continuing to persist. This has led to the company having to make some difficult decisions. However, most of the mills that remain are now among the most competitive in the North American industry and, with active involvement and support from employees at all levels and from the communities and regions where we operate, we intend to be around long term.

Fortunately, we are seeing signs that the U.S. housing and construction market, which significantly impacts our sawmill business, is recovering. Still, we must recognize the secular decline of many paper products, particularly in North America, due to economic and market realities. Paper still has an important place, and we're confident in its future. But the manufacturing industry behind it has gone through dramatic change, underscoring the importance of adapting and evolving to meet the reality of our changing times. Working in a spirit of partnership and collaboration, we are best able to provide for a sustainable future.

Despite the disruptions and challenges that have shaken our industry, we have confidence in its future. For Resolute, ensuring we are part of that future has meant changing the way we think about our business, changing how we do business, and changing how we operate.

A Sustainable Future

In today's world, the process of repositioning a company starts with a serious commitment to operating sustainably—something we believe directly contributes to building and enhancing not only Resolute's reputation, but its competitiveness. We're working hard to ensure it is at the core of all our business decisions. By carefully balancing environmental, social and economic priorities, we believe that we will ultimately become a more efficient company for our shareholders; a better employer for our colleagues in the workplace; a stronger partner for our customers; and a more stable force in the communities where we operate.

Over the last two years, there has been a major shift in the role environmental sustainability plays at Resolute. That's not to say we weren't doing the right things before. We were reducing our greenhouse gas (GHG) emissions, putting sustainable forest management in place, working collaboratively with environmental groups and governments, and taking other steps in support of environmental stewardship and sustainable development.

But we lacked some of the formal reporting tools and even structure embedded in our governance required to drive results.

One of the many significant changes we implemented was our decision in 2010 to begin producing an annual sustainability report using the Global Reporting Initiative (GRI) standard. GRI, which is endorsed by the United Nations Global Compact, is the world's most broadly accepted reporting standard and represents an important advance in the way we share our sustainability story. It provides the framework we use to improve accountability, transparency and results across our environmental, social and economic sustainability objectives. Open and transparent communications are fundamental to our collective best interests.

In 2011, we made a further commitment by creating a working committee of senior company managers with the responsibility for ensuring that sustainability is ingrained within our overall business objectives, and that it is fully integrated into our operating practices. This Sustainability Committee represents all of our major activities and business lines and is directly accountable to my Executive Team. Its mandate is to broaden our understanding of how sustainability aligns with our business strategies; to monitor and measure sustainability progress; and to make recommendations on how future sustainability performance can contribute to meeting all long-term corporate objectives—the multiple bottom lines.

Structured reporting and a formal company mechanism will help us assess progress and ultimately achieve our key sustainability commitments. Let me share a few highlights.

Managing Our Forests for Future Generations

Our industry has faced some criticism regarding our forest management practices. As some of you may know, certain criticisms of our company in particular have recently been shown to be unfounded, based on opinion and perception rather than fact. Actually, our company, our industry, our governments and our society have a lot to be proud of when it comes to responsibly managing the forests in our care.

For example:

With its Crown Forest Sustainability Act, the province of Ontario has among the best—if not the best—forest management frameworks in the world.

Canada has the largest area of managed forestlands certified under the standards of the Forest Stewardship Council, also known as FSC, in the world—and in Canada, Ontario is second only to Quebec. This, too, is a world-class system.

For Resolute, 100 per cent of the timberlands we manage are third-party certified to one of three internationally recognized sustainable forest management standards. And we've made a commitment to further increase the level of FSC certification from 18 per cent in 2010 to 80 per cent by 2015. Indeed, as of March 2013, we had already reached 65 per cent. And in 2012, we achieved the distinction of becoming the largest FSC-certificate holder in the world.

Subject to regular and rigorous third-party audits, these certifications provide independent assurance that our forests are responsibly managed, according to standards developed specifically for local forest conditions—and they go beyond current regulatory requirements.

The fibre used in our Canadian products originates mainly from the boreal forest, which is among the most carefully managed working forests in the world. In fact, a Yale University study singled out Canada's forestry laws and regulations as being among the most stringent in the world.

In application, sustainable forest management provides an exceptionally high level of protection to the boreal forest. You may be surprised to know, for example, that less than a quarter of 1 per cent of the boreal is affected by harvesting each year. The reality is that more of the boreal forest is lost every year to insects or forest fires than to harvest by man. And, by law, lands must be quickly regenerated after harvesting.

In July of last year, we celebrated the planting of the billionth tree in Ontario by Resolute and its predecessor companies. I want to be clear—that is billion with a "B"—you know, like the deficits. And this number doesn't include the reforestation achieved by things like aerial seeding and natural regeneration. In short, we replace in multiples the trees that we harvest.

But responsibly managing the forests isn't only about the fibre and the wood we use; it's also about maintaining the delicate biodiversity in the areas in which we operate. We manage woodlands that are home to approximately 90 plant and animal species currently on species-at-risk or threatened or endangered lists. So providing protection for forest biodiversity is an important part of all sustainable forest management standards.

In this spirit, working with stakeholders, including communities, First Nations, ENGOs and governments, Resolute has expanded the network of restricted spaces in the boreal to protect specific habitat and provide a safe haven for woodland caribou and other species that call the forest home.

Indeed, we are bound by regulations set out by governments; by objectives set out by the various certification systems we have chosen to subscribe to; and by standards set out by our Board of Directors to ensure we protect flora and fauna, spaces and species.

In Ontario, the target for land set aside under the landmark collaborative process known as "Lands for Life" was 12 per cent. From Thunder Bay to Manitoba, an area the size of the New England states and one where Resolute has a major presence, over 16 per cent of the operable land base has already been withdrawn. This does not include the impact of areas covered by regulation—greenbelts around lakes, river reserves and waterway corridors, and other similar preservation areas. When those areas are taken into account, that withdrawal percentage goes up to over 30 per cent.

As part of this overall effort, in cooperation with the provincial government, we've protected over 21,000 square kilometres of Ontario forestlands as regulated parks. That's about three times the size of the GTA (Greater Toronto Area) or 33 times the city of Toronto. And this does not even begin to factor in the northern parks planned by former Premier McGuinty.

Environmental Sustainability: More Than Just the Forest

The environmental elements of our sustainability commitments are more than just the forests we manage, they're also about accepting our share of responsibility for global warming. Growing public concern about GHG emissions is leading more and more citizens, governments and organizations to change the way they live their lives, provide services, or do business.

Resolute is no different. In 2011, we joined the World Wildlife Fund's Climate Savers program, through which we have committed to reduce absolute (scope 1 and 2) greenhouse gas emissions by 65 per cent by 2015; compared to our 2000 emission levels. These are industry-leading emissions reduction targets; and the equivalent of taking almost 1.5 million cars off the road. Imagine almost no cars in Toronto. So far, we've succeeded in reducing our absolute emissions by over 62 per cent, so we're well on track to meet our target.

Our solid progress to date reflects a commitment at all levels of the company on improved energy efficiency, the use of hydroelectricity, and switching from fossil fuels to cleaner renewable energy sources like carbon-neutral biomass. In fact, around 70 per cent of our energy requirements come from renewable sources. While hydro is a primary source, we have seven sites that operate cogeneration facilities that produce "green energy" from carbon-neutral biomass. We also use alternative fuels like methane from landfills, used oil and tire-derived fuel.

Of course, part of reducing our greenhouse gas emissions is also related to reducing the carbon footprint of our products. This has led us to invest in and grow market share for innovative products, like our Align-branded family of eco-efficient, budget-friendly, high-performance papers. These papers are made using an innovative process that produces high brightness with about 50 per cent less fibre and fewer chemicals than competing papers. A life cycle analysis showed that the Align paper grades had a 35-per-cent to 86-per-cent smaller carbon footprint than competitive papers, depending on the grade. The result: we reduce our carbon footprint, and customers can feel good about purchasing a quality, environmentally friendly paper.

Sustainability: More Than Just the Environment

To be sure, our approach to sustainability places a premium on environmental initiatives, but we're also sensitive to the important social and economic imperatives.

The health and safety of our employees is an absolute priority for the company. Our safety record has improved dramatically over the last few years, and is approaching our goal of world-class performance.

We're a company that embraces the natural partners in our regions—the leaders of the smaller centres that depend on our corporate stability, and our partners, including First Nations. These are the folks who have a knowledge of and a respect for the beauty and the power of nature. That's why we encourage all of our partners to participate in our sustainable forest-management planning process. Each operation also has its own ongoing stakeholder outreach program, where local general managers, HR managers and other staff meet formally and informally with local governments, First Nations, business partners, chambers of commerce, ENGOS, and others.

We work with community leaders to better understand local issues and concerns, and in turn, our operations and employees support and participate in local community life. Our aim is to ensure local stakeholder outreach is conducted regularly across our operations and we're providing our managers with the training to help make it happen. I firmly believe we can expand this activity and build new and stronger links. Constructive engagement will continue to produce mutual benefits.

Partnering With First Nations

In some of our communities, First Nations peoples make up a large portion of the local population. We understand that our operating practices and decisions can have a direct impact on the First Nations communities that depend on healthy, productive, working forests. We also understand that it is important for these communities to find ways to create value and economic opportunity from the forests off which they have always lived.

That's why we have partnerships with numerous First Nations groups near our operations that aim to ensure cooperative forest management and even business partnerships. In Thunder Bay, for example, we have had a partnership with the Fort William First Nation since 2003 related to a sawmill that employs over 170 people. Recently, we announced a new sawmill project in Atikokan, Ontario. This new $50-million facility will create approximately 90 jobs in the community, with additional employment associated with construction, as well as indirect positions for hauling lumber and residual wood chips when the project is completed. I am particularly pleased with the direct involvement of First Nations, and the opportunity for shared economic benefit that this represents.

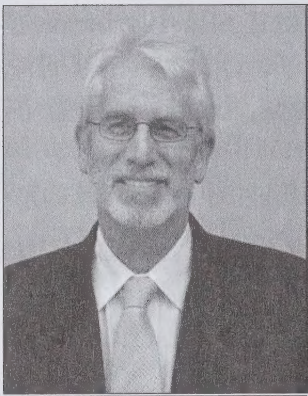
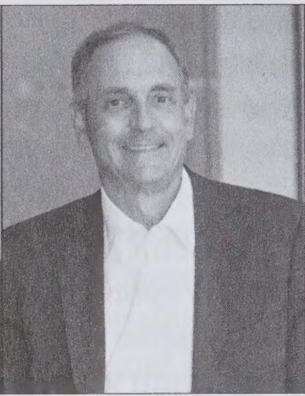
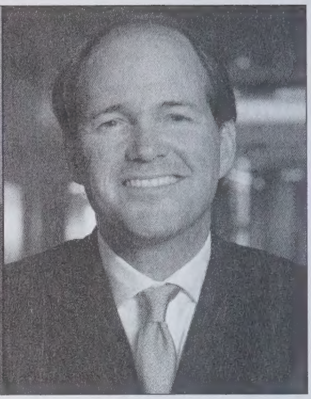
Closing

I hope I have been able to give you a sense of how the forest products industry is evolving today and also how it remains an important Canadian industry. It has not only played a key role in this country's past economic development, but it has a bright future and still much to contribute to our nation's prosperity. I believe these examples I've shared with you represent what is possible when we work together on economic and sustainable initiatives. Simply put, we believe that a strong balance sheet is even stronger when it also benefits our employees and our communities.

At Resolute, we believe that only a true commitment to sustainability will secure that bright future. The equation for us is simple: strong sustainability performance means delivering on environmental, social and economic objectives that benefit and provide value to all our stakeholders—customers, shareholders, employees and especially the communities where we live and work.

Thank you.

The appreciation of the meeting was expressed by Verity Sylvester, Managing Director, CV Management, and Past President, The Empire Club of Canada.

April 8, 2013

Paul J. Bedford
Principal, Paul Bedford & Associates

Stephen Diamond
President and CEO, Diamond Corp.

E.M. Blake Hutcheson
President and CEO, Oxford Properties Group

Christopher Hume
Architecture Critic and Urban Issues Columnist,
Toronto Star

TORONTO: THE VERTICAL CITY

Chairman: **Noble Chummar**
President-Elect,
The Empire Club of Canada

Head Table Guests

Niall Haggart, Executive Vice-President, The Daniels Corporation; Derek Burleton, Vice-President and Deputy Chief Economist, TD Bank Group; Bruce McCuaig, President and CEO, Metrolinx, and Director, The Empire Club of Canada; M.J. Perry, Vice-President, Mr. Discount Ltd., and Director, The Empire Club of Canada; Signe Leisk, Partner, Cassels Brock & Blackwell LLP; Leona Savoie, Vice-President, Hullmark, and Co-Chair, the Toronto Chapter of BILD; Aleksandra Janjic, Student, Lakeshore Collegiate Institute; and John Niles, Senior Minister, St. Andrews United Church Markham, and Past President, The Empire Club of Canada.

Introduction by Noble Chummar

Ladies and gentlemen, as you know the Empire Club of Canada has had many great speakers in its 110-year history. It is with regret that I inform you of the passing of a great world leader and former speaker of this club. The Rt. Hon. Lady Margaret Thatcher, former Prime Minister of England, has passed away today. Lady Thatcher spoke at this very podium almost 40 years ago. In tribute to her, and in lieu of a moment of silence—as we all know she was not known for appreciating silence—I will read to you a quote by her which she delivered to the Empire Club in this very room:

It is often said, "'Politics is the art of the possible.' There is a danger in such a phrase. We may suppose impossible things, which would be possible and indeed desirable if only we had more courage and more insight. I have always felt that it is the task of politicians to be two or three years in advance of public opinion; to be able to foresee dangers, to warn about them, and then to guard against them. This, it seems to me, is the essential task of a leader—not to follow public opinion from the back but to lead it from the front."

It now gives me great pleasure to introduce to you our moderator for today's panel. I understand that Mr. Hume will be introducing our guest panelists, so I have the opportunity to introduce you to him. Christopher Hume is no stranger to the City of Toronto. Born in England, he came to Toronto as a child and has spent his career on issues of architecture and urban affairs and is a pillar of the Toronto Star's writing staff.

Christopher is someone who has received countless awards and recognition for journalism and writing. Most notably, Christopher Hume was awarded the very prestigious National Newspaper Award for Journalism. Every respectable developer in Canada vies for an endorsement from Christopher Hume's many articles on architecture and urban affairs.

Christopher Hume understands the City of Toronto. He is an expert on architecture and the history behind our city's buildings and the many stories behind them. Christopher Hume is a huge advocate for "a vertical city" and tackling the issues of mass transit and gridlock to further improve urban life. Recently he was quoted as saying, "Before the condo, Toronto was a big town. Now it's a city."

Ladies and gentlemen, Mr. Christopher Hume.

Christopher Hume

Paul, we're here today to talk about this growing gap between what the city has become, and the infrastructure necessary to support what the city has become. I guess one of the main considerations there is transit. How big is that gap?

Paul Bedford

Everyone knows that we're going through a totally different phase in our city. I have no problem at all with density, good density, because density makes a successful city. It has to have a positive, supportive, public realm and public infrastructure to make it work. Those to me are the elements of the gap.

I think it's been said by many people, including me, that Toronto has a great transit system for a million people. The only trouble is we've got six million. The number-one issue is public transit. I'll have a lot more to say about that. I believe, just up the street, the Premier right now is speaking to the Board of Trade about her thoughts on this very topic. It's absolutely critical.

The second is the public realm—all of the ingredients that we all associate with making complete communities, good neighbourhoods and a good quality of life—that has to be provided to support this new city and this new density. In the downtown core, I'm talking about not only the public realm in terms of the streets, the parks, open spaces, public squares, schools, libraries, community centres, all the stuff that makes civilized life possible, but I think one of the problems we've got now is the car ownership rate. Forty-five per cent of all the people living in the downtown core walk to work now, because it's easier, faster, simpler. The reality is that we need to make some critical decisions like widening the public sidewalks for the volume of pedestrian traffic, whether it's Yonge Street or King Street; we've all walked on Bloor Street to see what's happened up there. Clearly we have a huge gap.

Christopher Hume

Steve, as a developer, has infrastructure become an issue that you feel you have to deal with? Your customers ask about accessibility of public transit and that sort of thing? Is it an issue for them?

Steve Diamond

I think it's becoming more and more the number-one issue. People love the City of Toronto. It's clear by the growth we're getting in the City of Toronto. It's become the biggest issue when you go to talk to residents in a community today. They seem to be, and maybe we've graduated a bit over the issue of height, but everyone's wondering how we're going to accommodate people living in terms of the infrastructure and the transportation that's taking place in the city. The Gardiner's falling apart. What are we going to do about that in the future? What are we going to do about getting more transportation, more subways built? It is definitely an issue we have to address. What I find most interesting is to try to go behind some of these issues and try to figure out why we are struggling today with getting infrastructure built. In the 1970s, when I was a kid, there was money for infrastructure. What's been happening since? It's not really part of a land-use issue, but I remember asking Greg Sorbara, "What's gone on in my lifetime?" He basically said that when I was 18 years old, we paid 18 cents of every tax dollar to health care. Today we're paying 52 cents of our dollars to health care.

In terms of looking at the future, it's no wonder that our governments are struggling and it's no wonder that we need to look at other revenue tools in order to replace the infrastructure that's occurring in the city.

Christopher Hume

I want to come back to that issue of revenue tools too. People say that we pay too much in tax, but clearly we're not paying enough. If we can't cover the costs of the things, the goods and services we expect from government, what alternative is there but to pay more tax?

Steve Diamond

Well, we have to as a society recognize that nothing is free. My view is that we have to all recognize that there's a burden that we all have to pay in moving forward. Our property tax rates are generally pretty gentle compared to when you leave the City of Toronto. I think Blake can elaborate, but the office space in the city carries a huge proportion of the burden of the taxes. Our residents don't really appreciate the break that they're getting. If we want to live in a civilized society, if we're going to live in a place where we're going to have a really healthy and vibrant downtown, and we are so lucky in the City of Toronto to have what we have in the downtown, one of the most vibrant downtowns maybe anywhere in the world, I think as a community we have to exercise some sense of individual responsibility and face up to the fact that we're going to have to pay for it, and nothing's free.

Christopher Hume

Blake, do you want to pick up on that?

Blake Hutcheson

If you're going to keep talking about more taxes, I'm going to go to a vertical tasting down the hall instead of a vertical city. I think there's no question the biggest issue that faces us today is transportation. There's no question we have got to get our arms around it. There's no question there's room for some incremental user fees, tools, however you want to term it. I think the real question, though, is who do you exact the pain on, and can you not be more efficient in certain ways instead of just saying the only solution is this? The Board of Trade that we all support, the commercial community all support it, came out with a study recently. It was five or eight incremental exactions on the very people that are making the city happen, making the city work, as opposed to choosing a few carefully. The single biggest one was a new parking tax. They said, "By the way we think there should be a parking tax. It should only be on commercial real estate. That's the goal; that's what's going to take you to the Promised Land." Everyone is afraid to put on a parking space for residential. Why? Because residential people vote and commercial people don't. Today in this city, we pay the highest tax. If you occupy one square foot of office space, you pay the highest tax in the world, even after exchange differentials, for an occupancy cost. It doesn't affect the developers as much as you think because it's a pass-through, but it is putting pain on any working people in the city.

Christopher Hume

Why are office and construction rates going up? Why are people moving back into the city? Why do people want to be here?

Blake Hutcheson

Totally valid. First of all, we've got the greatest country in the world. We have a pretty sizeable company. In this city alone, we have roughly $10 billion of real estate, including Yorkdale with partners, including 23 office buildings in Toronto. We're investing in London, we're investing in Europe, and we're investing elsewhere. This is an unbelievable city. The American dream has been to live and work in the suburbs. The Canadian dream has been to live and work downtown. We've had safe cities and we've invested enough in infrastructure. Commercial real estate in downtown Toronto versus any spot in the U.S. and elsewhere at price per square foot is either valued higher or close to, with the exception of a few pockets in New York. For years, the suburban office product in America was very high-priced compared to downtown, but that's flipping because people naturally want to gravitate towards cities. If there's anything that's going on in the world, it's the death of the suburbs. Gas is too expensive. The dream of living in the suburbs, while idyllic at the time, has disappeared. You're not playing road hockey because everyone's got a virtual life. You have to drive to the mall to get milk. You're seeing a massive migration to cities. You'll see a massive migration to Toronto. Toronto can be one of the greatest cities in the world.

Christopher Hume

I think that we've heard it from the horse's mouth. This is not just a far-fetched idea dreamed up by somebody from the Toronto Star. This is something that's actually happening. There's another side to this. Paul, maybe you can talk about that. This exodus into the city, this flight away from car dependency is great news for the downtown core. What's the significance for Mississauga or Milton or any one of those places that we know of out there?

Paul Bedford

I think the issue, Blake touched on it for sure, is that people value their time. The commute is getting longer and longer and longer. I think the figure Metrolinx cites is that 82 minutes is the average commute in this region, which is way ahead of Los Angeles. That's only going to get worse if we don't invest in the transportation network that we need. I think the people, who I am aware of and who live in the suburbs and I've known for a long time, went to the suburbs with the American dream idea, and it was okay for a while. Now it's starting to fray at the edges because of the long commute, because of the cost of gas, because of all these other factors that are working together. I don't think the suburbs are going away; don't get me wrong. I just think that the reality is that if you build car-dependent places, which most of suburban North America is, the reality is you can't build your way out of gridlock, because those car-dependent places just get worse and worse. You get to the level of congestion where everything starts falling apart. One last comment—there's a Web site, some of you guys may have seen, called deadmalls.com. It's fascinating. There are more and more and more of those happening. I think the whole rethinking of the suburbs is one of the biggest issues facing us.

Blake Hutcheson

I'm just going to interject one comment. The real estate's not going away. This suburban product isn't going away, but by the way, the values are. Values there relevant to downtown dissipate. It was a really nice experiment; post-Second World War, the suburban life. It was a nice try but the future's in the cities.

Christopher Hume

Is that right, Steve?

Steve Diamond

It's fascinating. We were looking at statistics this morning. For the last 12 years we've been building about 40,000 housing units, the same amount every year. Yet since 2006 when the growth plan and the green belt came into effect, there was actually a dramatic change in the distribution of the housing units. Where in the year 2000 a vast majority were low-rise units outside the city or the downtown, today we have the majority of units being high-rise, a much greater proportion, and the low-rise segment has diminished. There has been a dramatic shift in people's lifestyle and choices over the last six or seven years. That has resulted in a large number of additional benefits that we've been discussing here this morning, in the downtown. Now that people are living downtown, the labour market is downtown. With the labour market being downtown, it's encouraging more office development downtown. I also believe that the next generation is making the decision that they don't want to commute. They would prefer to live potentially in a smaller unit. I even believe that there's going to be a generational change and families will start to live in mid-rise and high-rise buildings in this city, because they want to live in a stimulating, vibrant environment and be close to work. It's actually surprising that in my lifetime this transformation has taken place.

Christopher Hume

Paul?

Paul Bedford

I want to pick up on a couple of things Steve said. We've been talking about low-rise, townhouse, single-family markets of the past and obviously vertical living, but there's another market, which is the mid-rise. That's just starting to come into its own. They are on our arterials and our main streets. It's an old idea, there's nothing new about it. The reality is it has started to take hold. One of the things that I think is very attractive about mid-rise—I'm talking six to 10 stories with the retail at grade, that sort of thing—is that it makes a better street. Instead of having these one-storey or two-storey buildings on these main streets, to have mid-rise buildings with lots of life and more people supporting shopkeepers, using the transit, etc. is a win-win-win story. Developers that I know are now looking at that much more seriously than they ever have. In fact, I looked at the City of Toronto's data recently and despite all of the development that's happened in the central area in the downtown core, about 29 or 30 per cent of all the new units that you talked about have been already built or proposed on the main streets. That figure is going up and up and up. There's one last piece of this that is going to come out very shortly, which is to amend the Ontario Building Code's proposal to allow wood frame construction up to six storeys. Now, you can only go to four. British Columbia did that a few years ago and it resulted in a huge spike. If you've been in Vancouver lately on West 4th or Broadway and all those main streets, all you can see is that mid-rise stuff. That's another component that's coming.

Blake Hutcheson

There's two points they made. I think it's important people hear. Forty-thousand units in 15 years get built in the GTA. You've got 100,000 net migrants, 40,000 units. We used to have roughly 30,000 single family, 10,000 high-rise. That's flip-flopped. Trades can handle 40,000 units. The market can absorb 40,000 units. That has been why when we all look at those cranes and wonder how that can be sustainable, the underlying mathematics explain why we have so many cranes in the sky. If we all hit the panic button and say this is too much, it becomes a self-fulfilling prophecy. The reality is it isn't too much. It can be sustained, provided we don't panic at the same time.

Christopher Hume

Let's talk about units, because one of the criticisms that we hear often is that the units are too small to sustain a market where people will eventually want to have kids and raise their kids in high-rises. Are we providing for this future use adequately?

Steve Diamond

It's a great point. I think it's the next level that's going to be addressed. I've said to people that we're not creating too many housing units. We may have in the last few years created too many smaller units. Having said that, if there's going to be a change, then governments have to wake up and start realizing that it's a matter of economics. In the same way that they use economic tools to stimulate other forms of development or construction, they have to start looking at ways to stimulate and make it more economical to build larger units. The smaller units came in when they added the HST and everyone wanted to build below a certain level. There's the land transfer tax. The city has development charges and I've often said that maybe they should be charging more for a one-bedroom and less for a three-bedroom than the other way around. Whether that would work or not, I haven't done a complete analysis, but there's tax incremental financing that they use for different reasons. There's the potential for the wood frame construction to create more economical units. I think that in most cities in the world, in their core, there are families living in them; we are the exception. I think we're going to go there. I think the developers that figure that out are going to make money. I think the governments have to be looking at the issue at the same time.

Christopher Hume

I want to ask Paul. You think about housing in Toronto. It was built at a certain time to meet certain social conditions and expectations. A generation later, a large house is carved up into apartments. Then this happens and that happens. Isn't there a way that the planning regime can reflect and build into condo construction, a certain flexibility so that, for example, in the future, you might buy the unit beside you and expand or knock down a wall. I hear people talking about how impossible shear walls are to make that happen. Why don't we set up a regime where we build maximum flexibility, resilience, into condos? It seems to be not something that we ever talk about?

Paul Bedford

I think that's an excellent point. I'm sure Steve wants to add to that. I think one of the amazing things about the Toronto housing stock is its convertibility back and forth. Just after the war, the population of the old City of Toronto was near 800,000 people. There were no more housing units.

Christopher Hume

There were rooming houses in Rosedale.

Paul Bedford

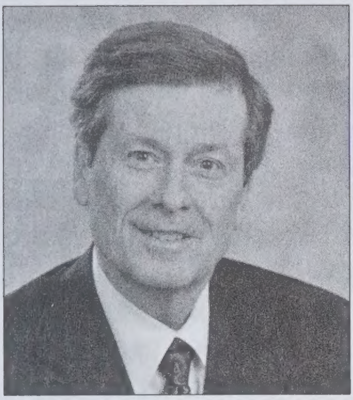
It was just doubling and tripling up and dividing up, etc. Then they got de-converted again and back and forth. That same principle for the housing of today needs to be applied. I think your example of knockout panels or whatever you want to call it is good. When a lot of people buy their first house, often they'll buy it with a basement apartment, because they can rent that out and subsidize the mortgage. The same concept should apply when you buy a condo unit that has the unit next door. That's your basement apartment analogy that pays for your unit. There's got to be all kinds of different ways to crack this nut. I absolutely think that it is a solvable problem. I also think that when the market demands a solution, it gets provided, because people want it. I absolutely agree that families are needed in the downtown. We need public infrastructure that will support the families. You need the schools, the community centre, the daycare, and all those other things. None of this is new. The rest of the civilized world has addressed these kinds of problems for centuries. We're going to do it.

The market drives stuff. At the end of the day developers are pretty fleet-footed and they can figure out market trends or they don't sell their product. You are getting more flexibility built in than you think, and if 900 units shift to 1,300 units, it's because the market's asking for it. I don't think it's up to the policy guys to decide what housing stock gets built; it's up to the market.

Christopher Hume

It reminds me of a story I wrote a couple of years ago about that condo on the east side of Yonge at the Esplanade. It's the one that has the flat iron kind of front. There are 40 families with children living in that building. The problems that they have are with the condo board. They wanted to put a playground on the roof. That didn't go down too well apparently with the condo board as well as with the lack of infrastructure for children at Front and Yonge.

The appreciation of the meeting was expressed by Bruce McCuaig, President and CEO, Metrolinx, and Director, The Empire Club of Canada.



April 29, 2013

John H. Tory

Chair, CivicAction, Corporate Director and Broadcaster

WANTED IN THE GTA: HONESTY, BOLDNESS AND BIG THINKING

Chairman: Robin Sears
President, The Empire Club of Canada

Head Table Guests

Bruce McCuaig, President and CEO, Metrolinx, and Director, The Empire Club of Canada; Steve Unger, Student, Forest Hill Collegiate Institute; Reverend Chris Miller, Retired Minister, United Church of Canada, and Chaplain, Context with Lorna Dueck; Mitzie Hunter, CEO, Greater Toronto CivicAction Alliance; Graeme McKay, Director of Sales, Ontario Public Sector, IBM Canada; Pat Horgan, Vice-President, Manufacturing, Development and Operations, IBM Canada, and Chair, Canadian Chamber of Commerce; Mike Bendixen, Brand Director, Newstalk 1010 Radio; and M.J. Perry, Vice-President and Owner, Mr. Discount Ltd., and Director, The Empire Club of Canada.

Introduction by Robin Sears

Friends, it gives me very great pleasure to invite an old friend back to our club today. John is one of those Canadians whose hand has touched an enormous range of people and institutions and always left them enhanced as a result.

Whether it was Canadian football or cable TV, the Conservative Party of Ontario or talk radio, the John Tory legacy is one of deep civic engagement, genuine empathy and compassion and an elegance in personal style that everyone envies and emulates.

John, as his family name shouts, comes from the bluest of Ontario blueblood. As a child of privilege and guaranteed opportunity, John could have taken his chair at many comfortable sinecures, but that would not be John Tory.

He has thrown himself into one commitment to improving his city, his province and his country after another, for nearly four decades, his most recent being a plan to save and revive Ontario Place and taking what we used to call the Toronto City Summit Alliance to a new level.

His example to all is that privilege imposes obligation. His history is one of total grace under pressure, and even in the face of unearned defeat.

It has been my privilege to call John a friend for most of our lives. I am very proud and pleased to introduce him to you today.

And by the way, no questions about future mayoralty prospects please, or his partner Barbara Hackett will have his head—mine and yours!

John Tory, the Empire Club podium is yours.

Ladies and gentlemen—John Tory.

John Tory

It is an honour to once again have the opportunity to address the Empire Club of Canada. This has for decades been accepted as the podium of record in Canada's largest city and I am most grateful for the invitation. Whatever you may think of my career or careers, one thing is consistent. I have lived my whole life in Toronto and everything I have had a chance to do has been connected in some way to life in the city and to the life of the city. That has been my good fortune and it has only served to deepen my commitment to ensure that it is an even better place for future generations.

It is of great concern to me as a Torontonian that, over time, the thinking of leaders responsible for the future of the Toronto region has become increasingly short-term, focused on a meeting next week or an election next year instead of a focus on the next decade or the next generation.

I often use the Gardiner expressway as an example. Our city leaders presently have in front of them a proposal to spend $500 million or more patching up the Gardiner expressway with popsicle sticks and glue. I used to think maybe that's all we could do. Then I started to ask myself what will people think of that decision in 25 years. Will they be talking about how bold we were, how farsighted we were to invest all of that money in a makeshift repair job? Or might they give us a bit more credit for city building if we used our imagination and the ingenuity and money of the private sector to find a new way to maintain an important transportation corridor, but at the same time get rid of the existing structure, which has a lot of things going against it, including obsolescence.

The same is true of the challenge presented by what we politely call our priority neighbourhoods. We can apply a Band-Aid here or a Band-Aid there and hope for the best, or we could decide to be bold and put the determination of government together with the imagination of the private sector in revitalizing those neighbourhoods and addressing what I believe to be the single biggest issue faced by our city: that of integrating everyone into the life of the city and ensuring that equality of opportunity is a reality. The renewal of Regent Park, by the way, while not perfect, proves that such a public-private partnership for renewal can be very effective.

Quality public transit is an integral part of the formula for connecting those neighbourhoods, and the people who live in them, to that opportunity. That is why I want to speak to our current transit debate in the time available to me today.

I believe there are three principal reasons to urgently address our transit deficit now:

First, we have all presided over decades of inaction while the city region has been growing, another example of incredibly shortsighted leadership by many parties at all levels.

Second, a proper transportation system, including public transportation but also including adequate roads, is critical to our ability to attract investment and jobs and to improve our productivity, which we are constantly told we must do.

And third, dramatically improved transportation is a huge quality-of-life issue whether that relates to environmental considerations, or family time, or even just the leisure time needed for a balanced life.

I think it is reaching the point across the region where we all agree on the need to do something about transit and transportation.

And I think we can even see, notwithstanding the comments of some, an emerging consensus on the need to identify specific funds necessary to pay for that transit, and it is that issue on which I wish to focus today.

For starters we should look elsewhere to understand that we are not alone in having to confront this issue. In that hotbed of anti-tax sentiment, Los Angeles citizens voted 67 per cent in favour of a sales tax dedicated to public transit.

In Vancouver, the regional transportation authority relies on user fares, fuel taxes and property taxes to fund transit.

Voters in Stockholm voted overwhelmingly in favour of extending a congestion pricing scheme after a trial period beginning in 2006.

In Bangkok, Thailand, they just had a successful IPO, which raised $5 billion to build urban transit. A private solution.

I am not suggesting any or all of those specific measures for Toronto, just commending to you the courage and the foresight they had in those cities to decide they had to do something and to endorse various means of payment, and, as you heard, they are all quite different.

So back to the Toronto region. I think there are two things holding us back from addressing these issues head on and moving forward.

The first obstacle is most evident at Toronto City Hall, not the rest of the region where leaders in communities like Mississauga, Oakville, Vaughan, Markham and Oshawa have addressed the transit-funding issue in a balanced relatively non-political way.

At Toronto City Hall on the other hand, we have seen develop a virtual pit of polarization, where everything on the part of everybody comes down to a kind of "my way or the highway" false choice and everything is declared an issue in the next election. There's only one problem. That election is 18 months away and the public would have, in my view, every reason to remind the current administration that they were already elected to govern and to deal with issues like transit, not just to get ready for the next election.

Similarly, as discussion of revenue-raising methods occurs, we find some people saying "no need for any of those revenue tools, let's just get the money from eliminating waste." There isn't a person in this room who could stand at this podium with a clearer conscience than me in saying that I contested the offices of both mayor and premier warning, years ago, that our present course and speed on spending were not sustainable, but if that spending were to be properly addressed today, as it should be, it would help us eliminate ongoing annual deficits, but would not create the pool of money we need exclusively for transit.

Similarly those who say, "no need for those revenue tools, we can use private money" are being even less straightforward with the voters simply because private money of any kind, which should be used to build transit and revitalize public housing, just to cite two examples, must be paid back with interest, thus still leaving open the question of where the money will come from to make the repayments.

And lest I seem to be singling City Hall out for all of the criticism, some of the same politically motivated rhetoric has been heard in the halls of Queen's Park as well, despite the honesty and courage shown by Premier Wynne in addressing the transit-funding issue head on, though as I will point out in a moment, I think other aspects of her government's record may be the single biggest obstacles to getting the transit we need built, and paid for.

I have said many times as a politician, as the head of CivicAction, and as a broadcaster, that if there are two commodities more needed than any others in politics at all levels in 2013, it is honesty and courage. The honesty and courage to tell people there is no free transit, that health care simply by the numbers is not sustainable on the present basis, and that many pension plans are train wrecks waiting to happen, just to name three issues most of our leaders continue to sugar coat in their own political interests.

And the same is true on transit. Polarized politics and a lack of honesty and courage on this issue represent the first obstacles standing in the way of achieving real progress.

The second obstacle is a profound lack of trust—worse than I have seen it in 40+ years of political involvement—in how governments deal with our money.

If we are assessing responsibility for this, more blame must go to Queen's Park, where successive, massive spending scandals and generally unsustainable levels of spending have worn down the Ontario taxpayers, and the Ontario balance sheet. As I said earlier, my message on this is consistent going back to my days as opposition leader almost 10 years ago. You can look it up in Hansard.

At City Hall, thanks to some of the discipline and determination of Mayor Ford and his administration, things are better, but even now we continue to see boondoggles unfolding whether it's half a million dollars in hand sanitizer flushed down the drain in recent weeks, a transit storage facility already tens of millions over budget before construction, or a transit commission which sees priority one in addressing customer service as being the appointment of 24 new managers at a hundred thousand dollars each to manage subway stations.

The public accepts the need for new transit and transportation.

The public is showing growing acceptance by the day of the need to address, honestly and realistically, how to pay for that transit. But the single biggest thing standing in the way of getting on with all of that is their justifiable fear that any money collected by whatever means will never make it to the building of transit and will instead disappear into the infamous black hole, wherever it is.

And that is why CivicAction has said we must develop means to pay for transit, whatever they may be, which are, above and beyond all else, fair, transparent, and dedicated so people will know everyone is paying their fair share, they will know exactly what is done with the money, and they will know that regardless of where and when, it all went to transit and transportation.

So what to do now to avoid a failure of leadership, which would in my view be catastrophic for this city region and for our children and grandchildren.

First, if it is humanly possible we should dispense with the polarization and playing of politics on the transit and transportation issue.

For starters, I would urge Mayor Ford to agree immediately to an urgent city council debate on how to pay for the transit he agrees we need.

He would be welcome, of course, to stand up in that debate and reject all of the proposed revenue tools, to make his pitch for subways, and for his preferred means of paying for them, as well he should. But to force the city council to go to extraordinary lengths just to debate, on a timely basis, a report written by the city's top public servant is counterproductive and nonsensical.

And I would say by the way that if the mayor has a preferred and realistic plan to pay for the subways that form part of his platform, I would expect he would be seeking daily opportunities to present that alternative, including a council debate on that very subject.

As for some of the mayor's critics, it's time they agreed to take a sincere look at a subway extension to Scarborough in place of the present Scarborough rapid transit (SRT). That SRT is going to be replaced in any event and although a subway extension at this stage would present some complications, that line shows the greatest prospects for financial viability as a subway extension.

The mayor's adversaries also have an obligation to show some willingness to compromise, so the city of Toronto can go as a unified team to the province and request what could be quite a sensible investment in a subway extension to an underserved part of the city region. Again, ask yourself what decision people would think we should have made when they look back at this in 25 years.

Second, the polarization and the playing of politics must also end at Queen's Park when it comes to the transportation issue. Surely it isn't too much to expect that our three leaders, on an issue very much related to the social and economic viability of the province's biggest city and its economic engine, might try going into a room together and spend whatever time it takes to find an answer they can agree upon in the public interest.

That probably seems to you like a fanciful notion, only because we have allowed our leaders to think politics can be placed ahead of the public interest for much too long.

Well, those days should be over as the consequences of continued paralysis are simply too high for a province at a crucial crossroads.

Third, I would respectfully suggest the Wynne government should spell out now a process and structure that will safeguard the money dedicated to transit, well before a single penny is collected or spent.

I have always thought that an arm's-length trust fund, away from the politicians and in the hands of independent trustees, such as an independent trust, would be a good start, accompanied by an annual audit by the auditor general who would tell the people, line by line, dollar by dollar, how much was collected and where it was invested.

And finally, while you may wonder what the gas-power-plant issue has to do with our success in finding an answer on the transportation issue, I would say: a lot.

This issue, perhaps more so than any other, has caused the public to go over the edge and conclude that governments generally have no regard whatsoever for their hard-earned tax dollars.

In my respectful view, we will be much harder pressed to emerge with a consensus on how to pay for transit unless and until the current government of Ontario does more than it has done to erase the stench of past mismanagement and incompetence and show the public there really is a new sheriff in town with some tough new rules in force.

I believe the following three things need to be done now by the Liberals for three reasons—their own wish to save themselves politically, the need to make the progress we must make on transit, and because they are the right things to do, probably in reverse order.

The three actions I believe Premier Wynne should take now if she wants to achieve success on the transit file would be these:

First, an apology to the people of Ontario and an acknowledgement these were political decisions, which caused a financial fiasco and will never happen again.

Second, specific and effective measures to satisfy us this kind of thing won't easily happen again. For example, I have often suggested that decisions such as this should be legally barred during an election campaign, except in the event of an emergency.

And third, a genuine, measurable, transparent addressing of inefficient spending and bloated bureaucracy. The Drummond report contained a roadmap to get a good way along that path, and while I don't agree with all of it, nor would I expect them to, it had a lot of necessary medicine in it and more of its contents should be implemented.

I am the last person the Liberals will rely on for political advice, but I do know this—those three things, if they were to be done now, would help immeasurably in selling the revenue-raising tools needed to pay for transit, not to mention that all three are simply the right things to do, for starters anyway.

Ladies and gentlemen, the decisions to be taken in the coming months are quite literally the decisions for a generation. I can't think of any that will be more important to the overall future of our city region.

They are important economically, socially, environmentally and important to our overall quality of life.

I read all of the same surveys as you do about where Toronto ranks in the world. I don't know about you, but I honestly believe, being as objective as I can be and taking everything into account, this may be the single best place in the world where anyone could live.

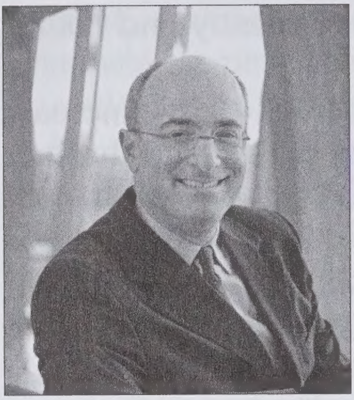
I don't actually have a pony in the transit debate race. My sole interest as the chair of CivicAction, as a broadcaster, as a business leader and as a citizen, is to help us make the right, rational decisions about what needs to be done. To see those decisions made honestly and courageously, and now.

Maybe it is simple aging at work, but I have increasingly come to look at most decisions of this kind through the following lens: 25 years from today, how will people look at the decisions we made now, the investments we did or did not undertake, the way we built the city, physically, socially and economically? What will they be saying then, that we should be doing now, to make this a city our children and grandchildren will be really proud of?

If we focus on those kinds of questions, if we get beyond the short-term politicking that seems to dominate everything nowadays, if we see some honesty and courage at all levels and in all parties, I believe the right things to do are actually quite evident.

And as we all know, you can never go wrong doing the right thing.

The appreciation of the meeting was expressed by M.J. Perry, Vice-President and Owner, Mr. Discount Ltd., and Director, The Empire Club of Canada.



May 1, 2013

Matthew Teitelbaum

Director and CEO, Art Gallery of Ontario

INVENT THE FUTURE: INVEST IN CREATIVITY

Chairman **Noble Chummar**
President-Elect,
The Empire Club of Canada

Head Table Guests

Gordon McIvor, President, Alliance Francaise De Toronto, and Director, The Empire Club Of Canada; Arpit Garg, Student, Rotman School Of Business; Captain The Reverend Eleanor Clitheroe, Governor General Horse Guards; Alexander Yu, Trinity College, University Of Toronto; Che Kothari, Executive Director, Manifesto; Pamela Dinsmore, Vice-President, Regulatory, Rogers Communications, and Board of Trustees, Albright-Knox Art Gallery in Buffalo; Verity Sylvester, Director, CV Management, and Past President, The Empire Club Of Canada; Tim Jones, President and CEO, Artscape; Gareth Seltzer, @Ryot News, and Past President, The Empire Club Of Canada; and Shabin Mohamed, Board Of Trustees, AGO.

Introduction by Noble Chummar

The Art Gallery of Ontario, housing over 80,000 works of art, is one of the premier art institutions of the world. It is the most prominent museum in the country and is one of the largest in North America.

The AGO is well known for its extensive Canadian art collection as well as its Renaissance and Baroque-era art among other magnificent collections. In addition to its impressive repository, the AGO is immensely influential in the local Toronto urban life and community.

In 2002, art collector Ken Thomson donated his 2,000-piece art collection to the AGO. The gallery had to undergo significant renovations to be able to house these works of art. From 2004 to 2008, Mr. Teitelbaum, as Director and CEO since 1998, spearheaded the AGO's most substantial renovation yet. The masterfully done renovation, designed by renowned architect and native Torontonian Frank Gehry, establishes the AGO as a true landmark of the city of Toronto.

Since Mr. Teitelbaum joined the AGO in 1993 as chief curator, the gallery has added almost 60,000 new works of art to its permanent collection. Under his directorship, the AGO has become an icon and a centerpiece in the Canadian artistic community. When he spoke here in 2008, Mr. Teitelbaum said that in a city as diverse as Toronto, "There's nothing but great opportunity for museums to be a meeting place of values and of populations." He is absolutely right; the AGO is genuinely a testament to the creativity, inventiveness, and cultural awareness of the city.

Prior to joining the AGO, Mr. Teitelbaum held curatorial positions with the Institute of Contemporary Art in Boston, the Mendel Art Gallery in Saskatoon and the London Regional Art Gallery. He also taught at Harvard, York University and the University of Western Ontario, and has lectured across North America. In 2006, Mr. Teitelbaum received the honour of Chevalier des Arts et des Lettres from the French government for his ongoing commitment and contributions to the arts. We were fortunate to have him speak at the club in 1999, and again in 2008 regarding the AGO's transformation.

Please join me in welcoming Matthew Teitelbaum back to the Empire Club.

Matthew Teitelbaum

Thank you very much Noble for your kind introduction.

I would like to acknowledge Shabin Mohamed, AGO Trustee and member of the Rogers family and also my invited head table guests—Che Kothari and Tim Jones—two people who work hard to make this city a better place. And I'd be remiss if I didn't acknowledge AGO guests Steven Davidson, Deputy Minister of Tourism, Culture and Sport as well as Christine Innes, Chief of Staff to the Minister of Tourism, Culture and Sport, Michael Chan.

The province has been a true partner to us.

Councillors Adam Vaughan, Mary Fragedakis and Gary Crawford are also sitting with my colleagues. Many thanks for your leadership on this year's budget that increased arts funding to the city.

And I would like to acknowledge AGO Board members Jim Fleck, Avie Bennett and Beth Horowitz.

Here at the Empire Club for over 100 years, people have gathered to talk about Toronto, to talk about issues, to talk about our future.

Earlier this week, the Empire Club hosted John Tory who challenged us to think long-term and demand better when it comes to public transit.

And in a few days, the club is hosting Sheldon Levy, President of Ryerson, along with a panel of entrepreneurs from Ryerson's Digital Media Zone.

How Ryerson's Digital Media Zone came to be is a remarkable story. A group of students recognized that the way they were learning needed to change if they were to be successful in the new economy. They challenged the status quo, challenged "authority" and Ryerson University took a risk. And they are achieving wildly. The DMZ, as they call it, is now one of Canada's largest incubators and multi-disciplinary co-working spaces for young entrepreneurs.

Both John and Sheldon have something in common: the need to challenge the status quo, to advocate for change, to make things better for our city and for our future.

In fact, I'm confident that all of us in this room share that interest in making Toronto better.

I want to add my voice and challenge all of you to think boldly. Take risks.

How do we do this?

We should think like artists. Artists challenge the status quo. They think and dream big. They see things that don't yet exist. They change the scale of things; make the large issues of our time intimate by personalizing ideas and messages to a human scale.

Artists, however singular their voice, reach their public through collaboration and sharing. That's how Toronto can be great. Learning from this. All of us, working together, thinking creatively, city building. Together.

I want to challenge you to believe that we all have the ability to think creatively. And that we really don't have that far to go to create a city that is second to none.

Since the AGO reopened after our major expansion—and for many years before that—your Art Gallery of Ontario has run balanced budgets while presenting what we believe to be increasingly dynamic and engaging programming. Our growing visitor numbers suggest this to be true.

We are proud of this and we have worked hard at every staff and volunteer level of the organization to achieve this result. We have focused on fiscal prudence, revenue generation and smart programming to stay relevant in a city rich in gallery options. And the result has been that we have learned a very important lesson: We are actually richer the more we can give away.

Giving away makes us richer because—and here is my thought—the more we give away to others, the more access we give to community and youth groups, the more community-based membership programs we offer, the more we allow others to determine what goes on the gallery walls, the more we give away in both material things and in expertise and authority, the better we collaborate and partner with other organizations, individuals and social causes.

This is how we increase our reach and relevance to audiences. In other words, the more we can give away some of our authority and link it to collaboration, the greater will be our utility as a civic institution.

As the great contemporary Serbian artist Marina Abramovic said recently: "The interesting thing with collaboration is to give up part of yourself..." that is, you have to give up some of the sense of history and authority as you know it. You have to take a risk.

I make this point, because I want to talk about the place of public institutions, especially art museums, and their increasing importance in the ecology of city building.

I believe the most important need that museums can now fill is by encouraging new forms of collaboration that lead to new forms of learning.

Museums are a place to model new ways of learning, and thinking and doing.

Museums are a place to share the skills that encourage a more creative work force.

Museums are a true place for public dialogue.

Collaboration is how the great cities become great by opening possibility to those who challenge the status quo the most.

Public space for dialogue is rare these days: universities, perhaps David Pecaut Square in Toronto, or Nathan Phillips Square. To this list I would add public museums, a place where conversations can happen.

Collaboration is the key element in the building of a new civic space. Those of us involved in large institutions realize that we have to extend a true invitation to those who will help us think differently and more creatively. And in exchange, we need to be involved in more conversations where the role of artistic, creative thinking is recognized and valued.

At the Campanile in Florence, the portraits of the great artists and writers of the day are embedded into the architecture forever because the voices of artists were valued and seen as timeless.

In every great city around the world, arts and cultural leaders must be engaged in urban planning, in urban vision building, and they must be recognized for doing so.

Let me share a quote by the anthropologist Margaret Mead: "The city (is a)…center where, any day in any year, there may be a fresh encounter with a new talent, a keen mind or a gifted specialist.... To play this role in our lives a city must have a soul—a university, a great art or music school, a cathedral or a great mosque or temple, a great laboratory or scientific center, as well as the libraries and museums and galleries that bring past and present together.... A city must be a place where groups of women and men are seeking and developing the highest things they know."

It's a wondrous definition of what a city should be and could be.

Even before Dr. Mead defined the city so well, Torontonians understood what she was talking about.

The AGO was born because our founders understood the importance of art to the city. They were risk takers.

Let me tell you about James Mavor. James Mavor, a Scottish immigrant to Toronto, was the Chair of the Department of Political Economy at the University of Toronto. He was also a passionate believer in the accessibility of art for everyone.

And George Reid. George Reid was a prominent Ontario artist who studied in Toronto, Philadelphia, and Paris. Starting in 1890, he taught at the Central Ontario School (now the Ontario College of Art and Design).

And then there was Sir Edmund Walker. In 1886, Edmund Walker became the General Manager of the Canadian Bank of Commerce. He travelled the world and cultivated an interest in art—and an art collection.

These three—together with their friends Harriet Boulton Smith, and her husband Goldwin Smith, and Sarah Trumbull Warren and a number of others—decided to take a risk. In a town of cobblestone streets, where the tallest building was just 11 stories high, where just over 200,000 people lived, there was room for an art gallery. Together they founded the AGO because, as Sir Edmund said, every great city needs a great art gallery.

The first exhibition was an international contemporary exhibition—living artists from Scotland.

Risk-taking has never stopped for us.

The catalyst for our last major renovation, which led to our re-opening in 2008, was an extraordinary gift from leading art collector and businessman, Ken Thomson. Ken and the Thomson family donated some 2,000 works of art and an investment in our transformed building of $100 million—the largest gift ever made to a Canadian cultural institution.

Ken made the commitment because, as he said at our unveiling, "I would like to see the AGO be at the centre of Toronto's cultural life, and become more universally recognized as an art institution of international stature."

He encouraged us to think bigger, to engage with the world.

We have always drawn together risk-takers, we've drawn patrons, and we've drawn together citizens who have a passion for cultivating the soul of the city.

Cities became thriving population magnets because of commerce. They became great because of a commitment to the spirit and the reality of creativity and art.

Art—or the creative process more generally—allows both community leaders and citizens to think of things in new ways. It encourages advanced problem-solving skills. It encourages collaboration. It makes the case for thinking deeply about what the future can bring.

Cities became great because of a belief that in celebrating art, a life force and a humanizing value is affirmed as part of a community.

Consider London, for example. Four hundred years ago London was a central gathering place for farming trade as well as the seat of monarchy and government. The concentration of wealth and trade was the perfect environment for the development of a concentration of culture.

Lord Chamberlain's Theatre Company, where Shakespeare worked for most of his career, was not only named after its sponsor, it was the leading theatre company in town in 1600.

With the invention of the printing press in the 18th century, the coffee house in London became a place to gather, to debate ideas and read the news.

That kind of symbiosis between culture and commerce is still working in London, where it's no coincidence that Canary Wharf and the Tate Modern came into being within a few years of each other. Both are at manufacturing sites that had died in the 1980s and both were reborn at the cusp of the 21st century with the private sector's investment.

In great cities, commerce can influence culture. Commerce can invest in culture and indeed help to create the ideal conditions for culture to flourish. Thriving art and commerce drive tourism, attract employees, and encourage creativity.

For many years this was an evident truth over and above all else, and almost optional beyond the primary engines of productivity and an established work ethic.

Now it is an imperative. Why do I say this? Because competitive economies just don't do things differently, they think about things differently. They reach out. They invite new ways of connecting. They are, as technology guru Don Tapscott says, inherently collaborative in addressing new technologies and what they represent. He writes: "The Internet radically drops collaboration costs, which enables new approaches to global collaboration and problem solving. (And) by slashing transaction and collaboration costs, the Internet is changing the deep structure of most institutions."

There is a place for deep collaboration in the invitation we must extend to the creative voice in the building of our cities and not just in architecture, though that is crucially important.

There is room for the engagement of the creative voice in the building of public transit. After all, public transit is not just about engineering the subway line.

It's about connectedness at its very core: connectedness to the roads above, to public amenities, to public space such as parks, and the combination of diverse transit systems complementing each other and being seen as an integrated network.

Artists get this in a profound way. They connect things by taking them apart and putting them together again.

Why couldn't city planners learn from artists?

The creative sector has a role in the creation, maintenance and beautification of public space such as parks, establishing the highest possible standards for the look and feel of our built neighbourhoods.

In fact, all of us have a role to play. Collaboration makes things better.

Consider when Jacqueline Kennedy Onassis and a group called the Municipal Art Society of New York joined together in the mid-1970s to save Grand Central Station. The station was symbolic of a city in decline—the roof leaked, and the ceiling paintings were covered with nicotine soot. She convinced the mayor—and the media—that it could once again become a symbol of a city that values beauty, a city with pride.

All of those efforts required public engagement, private support and philanthropy—the crucial three Ps committing to beauty, to civic pride. It takes them all to make a difference.

In Toronto there is already a new level of engagement that can take us to the next level. We are starting to make conscious decisions to involve arts leaders and artists in the conversation more often and take them as seriously as the voices of financiers and developers.

Think of 401 Richmond—over by Spadina. Margie Zeidler, architect, city planner and urban activist, renovated the former tin-making MacDonald Manufacturing building, and re-created it as a place for businesses and artists to co-exist. It is now home to 140 artists and entrepreneurs. Working side by side they learn from each other every day, and because they all have varied connections and approaches to the idea of "public" and "consumer" they have much to share. It's a diversified galaxy of workspaces as a cross pollinating marketplace, where new ideas in one sector help another apply new pathways to problem solving.

In one of its most recent ventures, Artscape, under the leadership of Tim Jones, developed the Wychwood Barns. It is a former streetcar repair facility—and Artscape turned it into a complex for artist live/work spaces, facilities for not-for-profit organizations, a community-run gallery and a "Covered Street" for farmers' and art markets.

The Shaw street project is another great example.

Artscape acquired the Shaw Street School in 2010 thanks to a generous lead gift from the Michael Young Family Foundation. This magnificent structure, built in 1914, will spring back to life as Artscape Youngplace in the fall of 2013. At 75,000 square feet, Artscape Youngplace will be the largest cultural institution in the Queen West neighbourhood. It will be truly multipurpose including studios for artists, craftspeople and designers, learning labs, gallery spaces and community space. All connected. Imagine the conversations that will go on there.

There's Daniels Spectrum too—one of the city's great new initiatives. Formerly the Regent Park Arts and Cultural Centre, Daniels Spectrum calls itself a platform for cultural exchange and collaboration. Here's a typical month in its new schedule: a forum for policy discussions, a wine-and-beer-pairing event, a Chinese play, a Black film festival and a storytelling event for kids.

The key ingredient in all of these Toronto projects: bringing business and art together. And creating a space for a public forum to exist.

These projects broke the rules. These projects embody ideas of collaboration: the use of space to bring audiences together creating a rich public square for dialogue allowing, by virtue of their investments in space, new conversations to begin.

Every sector has the potential to become more creative and more collaborative and that, in time, will prove to be the best competitive advantage of our economy.

The new economy is not going to be about knowledge anymore. Or expertise in the conventional sense.

Learning will always be a requirement. Integrated, high-level thinking skills will be in demand.

Creative use of data, yes. But ideas about singular authority or expertise that is sole sourced may largely be a thing of the past.

The creative economy, our next economy, is where there are few boundaries between economic activity and creative activity. Where the synergy between art and business helps both thrive. Where invention is both creative and commercial.

I think we need to foster the creative economy. A place where what we don't know is as interesting as what we do know, and where engagement with the unknown (a key learning we can take from artists) is encouraged as a pathway to something new.

As Pablo Picasso said: "Everything you can imagine is real." It's also about how we think now.

There are fewer boundaries between disciplines. We need to learn to learn differently, or create systems that recognize the varied ways of learning.

It's a similar point that Thomas Friedman made in the New York Times a few weeks ago. In his March 30 (2013) editorial, titled “Need a Job? Invent It,” Friedman relates the following exchange he had with the Harvard education guru Tony Wagner.

“What” Friedman asks “do young people need to know today?”

“Every young person will continue to need basic knowledge, of course,” Wagner says. “But they will need skills and motivation even more. Young people who are intrinsically motivated—curious, persistent, and willing to take risks—will learn new knowledge and skills continuously.

They will be able to find new opportunities or create their own—a disposition that will be increasingly important as many traditional careers disappear.”

“So what should be the focus of education reform today?” Friedman asks. Here is Wagner’s reply:

“… More than a century ago, we ‘reinvented’ the one-room schoolhouse and created factory schools for the industrial economy. Reimagining schools for the 21st century must be our highest priority. We need to focus more on teaching the skill and will to learn and to make a difference and bring the three most powerful ingredients of intrinsic motivation into the classroom: play, passion and purpose.”

I’m sure that if you asked the Rotman students who are here with us today, they’d agree.

For me, this is a short jump to the place of the creative voice in the building of our cities: engagement in building of public transit, utility and beautification of public space such as parks, establishing the highest possible standards for the look and feel of our built neighborhoods.

And as you know well, we don’t just learn in the classroom. We learn by being exposed to different ideas, different ways of thinking.

Fortune 500 companies and companies like Apple use arts-based learning as part of professional development and leadership.

In fact, more than 350 of the Fortune 500 employ arts-based learning in workshops, consultancies, coaching and lectures.

IBM's Global Business CEO study found that creativity is the most crucial factor for future success. And that is why cities need to be laboratories for generating new art and new artists.

If we build places for creative collaboration, if we cultivate spaces for cross-disciplinary conversations, Toronto too can become one of the great cities.

We have all the right elements to create a city of wonderful experiences, of fresh encounters like Mead said.

The diversity of our population—in ethnicity, skills and our reputation as a fair trader in the world of ideas—place us perfectly to encourage this.

We have imaginative business leaders, and ambitious and groundbreaking artists.

We have great centres of learning—universities, colleges and a growing range of internship programs.

We are a draw for students, for immigrants.

We have all of the right ingredients.

So where do we start?

We need to strengthen the partnerships that are being developed—those links that are being made.

If you are a developer, invite artists and the arts community into your conversations about how to make buildings more beautiful and more integrated into the city.

If you are a city planner, invite us into your conversations about how to make our city more beautiful and connected.

If you are a banker, business leader, Board of Trade member, invite us into your conversations about how to collaborate, take risks, grow our economy.

Why?

By opening up the conversation, beginning to collaborate, we can begin to think like artists.

Think boldly. Take risks.

Before I go, I want to leave you with this challenge: do we have the courage to be a greater city than we are? I believe we do. We are all city builders. We can't delegate the job—we all need to do our part.

Let's work together. Let's make it happen.

Thank you.

The appreciation of the meeting was expressed by Verity Sylvester, Director, CV Management, and Past President, The Empire Club Of Canada.

May 8, 2013

Sheldon Levy

President, Ryerson University

INVESTING IN YOUTH AND INNOVATION

Chairman: **Robin Sears**
President, The Empire Club of Canada

Head Table Guests

M.J. Perry, Vice-President and Owner, Mr. Discount, and Director, The Empire Club of Canada; Ibada Abukar, Student, Scarlett Heights Entrepreneurial Academy; Captain the Reverend Eleanor Clitheroe, Governor General Horse Guards; Nadir Mohamed, President and CEO, Rogers, and Vice-Chair, Ryerson Board of Governors; Valerie Pringle, Honorary Doctorate and Alumna, Ryerson University; Ted Griffith, Senior Vice-President, Apex Public Relations Inc., and Director, The Empire Club of Canada; and Jason Tafler, Chief Digital Officer, Rogers.

Introduction by Robin Sears

Friends, it gives me great pleasure to introduce you to one of the great leaders in the Canadian academe. Like a Steve Jobs or a Warren Buffett—choose your favourite rebel pioneer leader—Sheldon Levy is cut from a slightly different cloth than his peers. The world of universities is, like many distinct professional cultures, different from the real world. It has its own rules and rituals. But its great leaders are the ones who know how to bridge that separate world with ours.

That has been the key to Sheldon Levy's success. Whether it was building York University to a level it had never achieved before, early in his career, to making Sheridan College first among equals in the college system, or working to win a special status for U of T through his connections at Queen's Park, Sheldon has always had the strategic vision to see what donors, politicians, and the bureaucracy need and match it to the requirements of excellence in education.

His career capper has been Ryerson. I am old enough to remember the sneers about "Ry High" flung by competitors at Toronto's third university. Walk around the campus that Sheldon is building at Dundas and Yonge and your jaw will drop. There is a swagger and a pride among students and teachers about their fabulous new buildings, their new vision as a learning centre, and their achievement against the odds.

This place is perhaps the jewel in the crown. I won't steal Sheldon's thunder and tell the story of how he broke the paralysis that had made our beloved Maple Leaf Gardens a ghost town for more than a decade, and how he created this magnificent new Canadian institution. Let me simply say it is a great honour to introduce you to one of the giants of Canadian university leadership, and my friend.

Ladies and gentlemen, friends, President Sheldon Levy.

Sheldon Levy

I'd like to thank the Empire Club for inviting me to speak with you today.

I'd also like to thank the club for agreeing to host this event in our new Mattamy Athletic Centre at the Gardens.

I'd like to extend a welcome to the special guests who are here today. And we have one more special guest from the world of politics. Ladies and gentlemen, please welcome the former Premier of Ontario, Mr. Dalton McGuinty.

I'd also like to welcome a number of attendees from Ryerson University:

- Lawrence Bloomberg, our Chancellor;
- Phyllis Yaffe, the Chair of our Board of Directors;
- Nadir Mohamed, our Vice-Chair; and of course

- the Ryerson students who are here with us this afternoon, including the many young innovators from our Digital Media Zone.

There's one last person I'd like to welcome. It's CTV correspondent and longtime Canada AM host Seamus O'Regan. Welcome Seamus.

I hope I am not talking out of turn, but I'd like to let you all know that Seamus is working with Ryerson and others on a new series for this fall focusing on young innovators across Canada. Seamus will be the face for youth innovation for Ryerson. Canadians will see firsthand brilliant young entrepreneurs and the challenges they face in bringing their innovations to market. I know we are not all the way there in developing the show, but I am very hopeful. I am a big believer in the innovative capacity of young people. And I see, so clearly, the critical role they can play in our economy.

Let me paint a picture of our economy for you right now. In March, the Canadian economy lost 55,000 jobs. Unemployment rose to 7.2 per cent. And economists expect job creation to stay slow for months to come.

So now is a good time to ask the question: "Where are the jobs going to come from?"

The best answer to this question can be found in a recent study by the Kauffman Foundation. According to that study, all net job growth comes entirely from start-up firms.

That answer surprised me at first. But the more I read, the more it made sense.

Start-ups begin with only one or two people. If they fail, only one or two jobs are lost. But if they encounter success, they hire. They hire to solidify their success. And they hire to expand. They create jobs by the dozen, without shedding any. In fact, start-ups are more important to the Canadian economy than ever before. And their importance is only going to grow.

A recent CIBC study found that more than half a million Canadians are now starting their own firms. It also found that more and more of them are young people in their twenties. And it found that start-up activity is growing the most in sectors that are rapidly going digital:

- Health;
- Education;
- Science and technology.

The typical Canadian entrepreneur of today isn't starting a restaurant or a trucking business. Today's Canadian entrepreneurs are going digital, because the economy is going digital.

So this is all good news.

Young people are building their companies right where they are needed. In the digital economy.

As the Economist put it: The challenge ahead for every country is to extract the maximum economic benefits from digital technology.

This is not just a global challenge. It's a global race. Other countries and other cities get it. And they are racing hard. New York city is reinventing itself as a technology hub. In the U.K., London has created Europe's largest start-up accelerator focused on financial technology. And in South Korea, the government of Seoul has created Digital Media City. It's slated for completion in 2015.

This is a race where our future standard of living is the prize.

Canadian cities are in this race as well. And this city, Toronto, is actually faring surprisingly well. Toronto was recently ranked as the fourth-best place in the world to start a new tech company, behind Silicon Valley, New York, and London. Toronto can compete. Canada can compete. There's no doubt about that.

The real challenge is not, "Can we compete?" The challenge is "Can we win? Can we become a recognized global leader?"

We can.

To win this race, any city needs three things.

- It needs talent.
- It needs spaces to nurture that talent.
- It needs all sectors of the economy onside, working together to become a world leader in digital innovation.

What does Toronto have?

We have talent. Loads of talent. We also have lots of creative spaces dedicated to helping innovative young companies succeed. Post-secondary institutions in this city are very active in making creative space available for talented young innovators. So are private investors.

So we have the first two items on the list.

To make a real run for it, we need to do what London and New York and Seoul are doing. We need to open our entire economy to start-ups. We need government at all levels and the private sector to become "start-up friendly."

So what I'd like to do now is to show you the kind of talent and innovation this city has to offer. Let me introduce you to three entrepreneurs. They are in different business verticals but they have much in common—talent, energy, drive and courage.

Our first guest is a 25-year-old graduate of Ryerson's Radio and Television Arts program. During his studies he founded his own interactive media company, Phosphorus Media. Today he is quickly gaining a reputation across North America as a truly innovative problem solver. Please welcome Jonathan Ingham.

Jonathan Ingham

Thank you Sheldon. Good afternoon, everybody. It's so nice to see familiar faces. Doug Wilson, President and CEO of Sony Canada, thank you very much for coming today.

I just want to start with a very quick story of how I started Phosphorus Media. I started Phosphorus in part to win a very successful bet. When I was in university I was convinced that one day Virgin Radio would be a dominant brand here in Canada. At the beginning I bought virginradio.ca, the domain name. Soon, I started streaming virginradio.uk through that site. Two years later, I found out that Astral Media acquired the rights for the Virgin brand in Canada. They got in touch with me and we did the deal for the domain name. Virgin Radio, like you all know, I'm sure, is a dominant brand in Canada. The proceeds from that actually provided me with my original seed money for what Phosphorus is today.

At Phosphorus Media we have a knack for creating very cool little utilities and interactive media that enhance and engage the customer experience. Our products intentionally blur the line between the transfer of information and entertainment. Some are really, really complex and some are quite simple. When I was in school, I was messing around with interactive technologies, interactive floors, walls, storefront windows, just to give some context of what this is all about. I created a couple of demo videos and then a Web site and sure enough, I got a call. I was contracted to go down to New York by L'Oreal, a 25-billion-dollar global cosmetic company, that was celebrating its 100-year anniversary with a new product launch. What they wanted to do was essentially create an interactive runway for massive publicity events. Essentially the runway moved and manipulated as models walked down this runway. The job was absolutely massive pressure. L'Oreal said to me that if this didn't work, I would never be working with L'Oreal again. If this did work, then we would take on a series of hair and beauty trade shows throughout the U.S. After two days of long, long hours, we got it to work. Nonetheless, they ended up touring it across a series of hair and beauty trade shows. Here are a couple of images of what it looked like. They absolutely loved it and apparently L'Oreal still talks about this interactive runway even to this day.

The next job I want to talk to you about is an interesting little application that we did for Matrix, which is actually a brand underneath L'Oreal. What they wanted to do was create something for their trade show environment. As we all know, trade shows are highly competitive, and everybody wants eyeballs and attention in their booth. They knew they wanted a touch screen but they weren't sure what they actually wanted. Our goal in our job was to come up with the content and with the interface. Let me just show you what that looked like very quickly. This is what we developed for them, what we called the Matrix Looks Cloud, where essentially users could come up to this touch screen and navigate this 3D space with their finger. Profile shots or hairstyles would seemingly come out of nowhere, come into focus, and users could touch a hairstyle that they liked and they could learn how to achieve that hairstyle and what products were used. It's a bit of a novelty application but the app had one very specific goal. If you were in another trade show booth or you were 300 feet away and you saw somebody playing with this, you'd be compelled to go over and take a look at it. That's exactly what happened. Matrix absolutely loved this application, specifically because it was exactly on brand with what they were trying to do—produce innovative products and innovative technology—and this screen basically echoed what they were all about. This application toured through a series of hair and beauty trade shows in the States as well and was a major focus at their St. Louis trade show booth.

Apparently St. Louis is a big deal for hair. I'm not too sure why.

Another job that I want to talk to you about very quickly is a recent one we did for better connecting conference speakers with live audiences. Our client was Yahoo, the Internet pioneer based in California. Yahoo was holding their global sales conference in Las Vegas, and this was very interesting because this was the first time their new CEO, Marissa Mayer, was speaking in front of her global sales team of 1,400 people. What she wanted to do was make the Yahoo presentation as interactive as possible. Here's what we did. We created a mobile application, which everybody downloaded in advance of the conference. Essentially, the speakers on stage could pose a series of questions to the audience, and they could vote either A, B or C on that question. The results were tabulated and displayed in real time on these large projection screens. Essentially these dots would animate to represent people's votes. What they liked about it was they could then discuss what the answers were and more importantly they could see how their actual sales team was responding to these answers. There was some great insight and analytics on what the sales team was thinking.

A secondary little component was this "ask-a-question" feature, where throughout the entire presentation at any point people could submit this form. It would come to us backstage, and we would push it to downstage monitors that were facing the speaker. At any time, for example, when the CEO, Marissa Mayer, was speaking in real time, relevant questions were coming up on these monitors. More often than not, when she was speaking, she would stop and say, "You know what? We've got a great question from Jeff." She took the question right there on the spot. This was very interesting because it was providing that one-on-one interaction in a massive room. Obviously she had a lot of questions and not all could be answered during that time, but we had them saved to a database. We gave all that information to Yahoo. As a matter of fact, Marissa Mayer personally followed up with each individual question that was asked. It was a really cool application and something that they really enjoyed. It was a small component in terms of cost of the conference but it ended up having, if you can believe, one of the biggest impacts, which was very exciting for us. I know it's absolutely crazy. How on earth does a small company in Toronto get a job with Yahoo who has hundreds of mobile engineers? I think the answer is that we are nimble, fast, low-cost, focused, and we are technically proficient.

The last job I want to show you very quickly is something that we actually did here in Toronto for a condo developer. Like most developers, they have a very specific goal of letting the audience or the customer know what their house is going to look like. Our task was to come up with an application to show them what it was going to feel like. What we did was create what we call the sales maximization tool, where users could come up to this touch screen. Beside this screen there was a series of samples and swatches. They could pick it up and feel the marble or the countertops come to the screen. They could select say a kitchen or bathroom and they could start to see and feel what their kitchen was going to look like in these various upgrades. As you can see from the dark brown to the white, it dramatically changes the look and feel of the room. For a lot of developers, the sale of upgrades is a big deal for them. If people can have the tool to make confident decisions, they are more willing to open up their pocket and make those purchases. For us and for the developer seeing was believing. If you give people the confidence to really feel and understand what they're getting, they will do it.

I know that was a race through four very interesting, very different, projects with some interesting company names. Sheldon kindly asked me to speak today because he has a keen interest in young entrepreneurs' forays into business. He also has been fascinated by the fact that I've had great success in the States and fairly slow acceptance here in Canada. My pitch to you is simple, because I'm not going to miss this opportunity. My name is Jonathan Ingham and our company is Phosphorus Media. Please come and see what a young, ambitious Canadian can do for you. I can make interactive digital media work for you, your business, your institution, your government. Simply put, come and see what digital can do for you. Thank you.

Sheldon Levy

Thank you Jonathan.

I first met our next two guests three years ago. They came to my office to show me an award they'd won for a Ryerson engineering class project. It was a mechanical prosthetic arm controlled by nothing more than the user's own brain waves. It was an amazing feat for two young men who were barely 20 years old. Now their company, Bionik Labs, employs 14 engineers and is already planning its first Initial Public Offering (IPO). Please welcome Michal Prywata and Thiago Caires.

Michal Prywata

Thank you very much Sheldon. Good afternoon, everyone. My name is Michal. I'm one of the co-founders of Bionik Laboratories. I'm really glad that Sheldon mentioned the prosthetic technology development, because that's actually where our roots started. Thiago and I were in the biomedical engineering program at Ryerson University and we had very similar interests. When we got together to think about ideas, we developed this crazy idea. The U.S. had spent over $80 million developing a very similar technology. People looked at us and asked, "How can two young guys do it?" Well, we did it. Actually, I was very happy to hear that Seamus is here, because he was actually one of our first test pilots; he showed it to the world on Discovery Channel. We got worldwide recognition for what we did and this built up our confidence. We were looking for gaps in the medical market. What we found was that there was no technology currently available to get paralyzed people walking. We had two options. Option number one, and there was nothing wrong with this option, was that we could finish our Bachelor degrees, do a Masters, do a PhD, maybe do a post-doc. After finding a tenure-track position at a university, maybe after applying for grants six, seven or eight times, we could get the grants to do what we wanted to do or we could start a company. That's when we founded Bionik Laboratories. It's been a tough road because our competitors had already spent over a decade trying to do the same thing, and spent tens of millions of dollars doing it. To date we've spent $1.5 million and we have achieved what our competitors have achieved. I'd like to introduce to you Thiago Caires. He's my co-founder of Bionik Laboratories and he's going to talk to you about what we've developed.

Thiago Caires

Thank you Sheldon. Thank you Michal. Michal talked about rehabilitation for spinal cord injuries, which is basically the device that I have here. This is a video where you can see the legs working while I speak. Basically Bionik Laboratories focuses on developing technology to help paraplegics get out of the chair, walk and rehabilitate. What I have is a mechanical device, basically a robotic exoskeleton. We call it an exoskeleton because basically it's an external skeleton to your human body. We call it Exolegs because it's also a pair of legs. The paraplegic can sit down with this device. It's a mechanical device of motors and electronic sensors; there's a program that runs the site. The person can sit down in this pair of legs and at any time they want to stand up and walk, they can do it.

I'm going to try to explain to you in three minutes how that works. We put sensors in the back of the device, so basically sensors capture electrical signals from your body. There are sensors on the sides of the legs and the feet. Just to give an analogy before explaining technically how it works, imagine a TV and a DVD player. You have the TV and a cable connected to the DVD player. You put a DVD in and the movie starts spinning, turning. The DVD player is sending that signal to the TV. The only reason it gets that signal is because of the cable. You cut the cable; you have no more signal. The same thing happens with spinal cord injuries. You have the nerve going down from the brain to let's say your leg. Then the signal is cut because of an accident. You're still thinking about moving your legs. The paraplegic thinks he wants to move his leg, but that doesn't work, because the signal stops; the brain doesn't go down to the muscle. What we do is create a transmitter, not necessarily an electronic transmitter. Think about a transmitter that you put in a DVD to reattach the cable. You can't physically attach the nerve of the spinal cord. There are techniques for that being developed, but right now you can't do that yet but you can use a mechanical device to do that job for you. This mechanical device, as I said, has sensors in the back and all over the device, and they pick up signal activity from the back and the shoulders of the patient. For example, the paraplegic is sitting in the chair and wearing the device. They want to stand up and walk. All they have to do is move their back, their shoulder, and those signals will be picked up and the computer understands the person wants to stand up and walk. If any of you try to stand up from a chair you see that we don't stand up like this. We actually lean forward first. There's a lot of different movements that we can pick up using this device to trigger an action.

An important thing a lot of people asked me was why we started doing this, what was the reason. There are 10 million people sitting in wheelchairs worldwide. The wheelchair was invented 1,500 years ago. Nothing after that has been developed to help paraplegics. A lot of people don't know that if you have an accident, a spinal cord injury, and can't walk, you sit in a wheelchair for the rest of your life. Even if you have money to pay for a device, even if you go to the best hospital, you can't get it because it's just not there. This is an option. We're not replacing the wheelchair, but it is an option for paraplegics to use a device to stand up, get back to society, increase their self-esteem. Of course the rehabilitation aspect of this is huge because rehabilitation nowadays is a very archaic procedure. The patient goes to a clinic, the doctor holds the leg and moves up and down. As the muscle moves, you're getting the rehabilitation. It's kind of like exercise. The more you do it, the better you get. This will allow the person to just walk around their house. They're going from their room to the washroom, to the kitchen. They're rehabilitating because this will allow them to move their legs. As they're moving, the muscle is moving. Neuroplasticity comes into place, which is basically the brain understanding that the muscle is there, and they can walk again.

Bionik Labs raised $2 million as seed financing in the beginning, which basically took us from zero concept idea to this. We are using our engineers and some test pilots to test it. We haven't gone into a formal clinic or trial yet because we're going to do that during the year. We are planning to do an IPO in 2014. My time is running out but I would like to answer any other questions afterwards. Thank you.

Sheldon Levy

Thank you, Michal and Thiago.

Our last guest is a 33-year-old Ryerson graduate who is already a faculty member. He has more than 18 publications and patents to his name. Last year he was honoured by MIT as one of the world's top innovators under the age of 35. Smithsonian also ranked him as one of the top-six innovators to watch in 2013. And most recently, Forrester Research highlighted his technology as a platform to build intelligent mobile applications and he is going to present that technology to you right now. Please welcome the founder of Flybits, Hossein Rahnama.

Hossein Rahnama

Thank you very much Sheldon. I appreciate it. If you think about how you are using your mobile devices these days, it's very similar to how you use your stationary machines, such as laptops and desktops; you're still searching for information. You go on Google, you type queries, and you find information that you think is relevant for you. But when you are on mobile devices and you have a limited screen size, you have limited battery power, you have fluctuating bandwidth, you want the information to be there when you need it. You don't want to search for it. Based on who you are, where you are, and all the contextual information around you, you want the information to show up. You click on it and it's there for you.

Think about a university where students go to their classroom and suddenly the lecture notes will pop up. The professor will walk in and they will get the lecture notes, which are connected to the projector. Think about a hospital where the same application can navigate a patient or a doctor to where they are supposed to go and connect them. If you are using GO Transit, we have built an application for them called GO Mobile, which is using the same system that I will be showing you here.

A lot of companies out there are imposing infrastructure and proprietary hardware installation to be able to create these smart spaces. With Flybits, we have created software as the service platform that you can basically select anywhere in the world, rely on the operator's networks there, and turn buildings, rooms, airports, train stations smart using a visual interface, without any coding or any particular hardware deployment. What I would like to show you now is that on the right-hand side, you see a browser-based management console that can allow you to map the world. On the right-hand side you see the experience of a mobile user. It's very simple to select a mapping engine, choose a building or a location that you're interested in, and start building a zone around the area. Now zones, in the context of Flybits, are geo-fences that are associated with rules, logics and semantics. When you bring a mobile device in their proximity, your phone will understand how to behave. It will know this is an airport; I should behave this way. This is a hospital; I should adapt accordingly.

What my colleagues are doing now on the backstage is building a zone on top of where we are, and we're going to turn this building and this event into a smarter and more context aware environment. For those of you who have downloaded Flybits, you can actually interact with my colleagues on the backstage. What my colleague just did was create a zone called the Empire Club of Canada zone. It popped up on my screen. Think about this as an app store. It's a decentralized app store, which is allowing this building to act as a centralized repository and give applications and services which are relevant to people. What I'm going to do now is connect to the zone. Immediately it shows me that there are 14 people connected to the zone at the moment with their phone, and how many views we have had. By clicking on that we will be able to see those of you who are connected. Now I don't have any particular deployment here. We are just relying on our Wi-Fi network and other Telco operators' networks.

Let's say I want to send a video or audio or a CAD drawing or a database file to all of you here in the audience. All we've got to do is to select from a template that we have created, choose the template that we are interested in, drag it and drop it to this location, and it will suddenly pop up on all of your screens. In this case, you're dragging and dropping a video, searching a media repository. In this case we are choosing a video from the Empire Club of Canada. What happens is by publishing that service, it will immediately show up on my screen on the left-hand side. If you look at the iPad that is there and click on it, the video will run right away. By clicking on play, I will start capturing who's watching this video, how many views I've had and what are the demographics of the people that are watching it. I will capture that right away in real-time, based on the protocol that we have created. Those are the data that we can capture from that.

You can do the same thing with any data structure, for example, a Web page. All I've got to do is drag and draw up the Web page, point it to a URL, select an area of the picture, and again push it to people in the audience. Paste it and publish the service and again it should show up on my screen. Again if you look at the iPad, it's there. Think about the paradigm shift here. It just pops up based on who I am, where I am, and what types of services that I'm looking at. I can apply that to Twitter feeds, to Facebook pages. If you don't want to confuse your audience with different social media channels, bring them all under the umbrella of the zoned. You can update that over the air and all of that will take place under the structure of the zone right there.

Let's say you want to associate time stamps to these services. Think about a mall that wants a promotion to go live within a particular time to a certain group of people. All they do is associate a time stamp to one of the services, and they'll say probably that this promotion is valid from this time to this time. The moment that they add the time stamp, that service will be removed from my handset as you can see it here, because the time stamp is not valid. If they delete the time stamp, it will start to show up again. At a university we have students, we have professors, we have staff members, we have engineers. We want all of them to have one app, but when they come to the campus, all of them should get the relevant apps and services on their handset. All you have to do is associate roles and identities to your zone, which you own; think of it as real estate. You can add people from a social network such as Facebook or LinkedIn or your enterprise social network, add them to your role. Then based on the role, which could be a self-identification from the phone or managed by the zone owner, people will get the most relevant application on their device. In this case, my colleagues can add me to one of their roles, which I'm not part of. You'll see that it will be removed from my handset. They will add me back to that role and it will pop up on my screen again.

Another component that we are focusing a lot on is on business intelligence and analytics generation. If these zones that I show you can act as analytics vacuums and you can deploy anywhere in the world, you can actually monitor what's happening. If you look on the right, you can capture all sorts of analytics in terms of what's happening in these areas in real-time. How many people are connected? What types of services are being used most? What demographic is looking? What are the types of services and their preferences? And it's all in real-time. Just to see how responsive it is, if you look at that pie chart there, I can click on it and that value will get incremented in real-time with no delay. Imagine that you can deploy all of these across the world so each shop, each store, each brand or even each house can have a zone that can allow these geographical spaces to communicate with each other.

This is the same type of application that we are working on with our friends at the city of Ottawa to turn Ottawa into a smart city. We are working with folks at Metrolinx to make intelligent transport systems. We are working with a partner in Japan, in Tokyo, to turn Tokyo into a smart city, where people can walk around and discover things that are most relevant to them. One of the most recent projects that we just secured is actually with a Telco in Europe for the premier football club in England. When fans go to a football club, they can actually interact with the game. They can look at different camera feeds and they can share things with each other. It's a project that we started recently.

Our vision at Flybits is that if Web pages were the founding blocks of the Internet probably 20 years ago, we want zones to be the founding block of the mobile Internet which is emerging—especially the industrial Internet. We are very proud that this is happening in Toronto, in Ontario, and we are very pleased about the support that Ryerson has given us. Thank you.

Sheldon Levy

Thank you Hossein.

There are so many more I could introduce. Men and women from all walks of life. Tremendous innovators working across this province and this country. But I think I've given you a good idea of what they have to offer.

They can be trusted to enhance any firm's brand, image, or customer service. They can help just about any firm in any city across Canada. They are ready to be full players in our economy. We simply need to open up our economy to them.

We are already moving in the right direction. I want to tell you about two recent steps governments have taken.

The federal government, in its budget, will spend $60 million on incubators and accelerators through the

Venture Capital Action Plan. And the government of Ontario, in its budget, announced the creation of the Youth Entrepreneurship Fund and the Youth Innovation Fund.

Initiatives like these in Ontario will help create the right environment for businesses and people to succeed. They encourage the private sector to take risks, make investments, create jobs and drive innovation. And one of the best ways to do that is to help young entrepreneurs get their foot in the door.

Let me put it this way. It's fantastic that we are funding incubators and young start-ups, because it helps them develop their company and their innovation. Now we need to hire them, so they can put their innovation to the test.

The Canadian economy is not particularly good at being an early adopter of innovation. We do not work easily with start-up firms. It's time to change that. Learn more about how start-ups can help you. Visit local incubators regularly. Get a closer look at the kinds of companies being incubated.

Reshape your request-for-proposal (RFP) requirements so more of them can bid. The way RFPs are structured today, they often act as a structural barrier for start-ups. Young companies cannot complete 100-page proposals or present tens of millions in insurance. By definition, they do not have the long list of achievements, but they are ready to prove themselves, and they need a chance.

I am friends with an entrepreneur who has worked in the Valley and most recently in Toronto. He is one of the most dynamic entrepreneurs I've ever met. He tells me that, when he was in Silicon Valley, he could get in front of decision makers within 48 hours—any firm, banks, big tech firms, and government offices. Because in the Valley, every organization knows how much they gain from working with start-ups. In the Valley, if you don't meet with a young start-up, it's considered a lost opportunity.

In Toronto, he says, you have to be lucky to get a meeting. And if you get one, it usually takes six to eight weeks. And that goes for any other city in Canada as well. That's the gap we have to close. From eight weeks to 48 hours.

You heard these young entrepreneurs tell you today about their businesses. You heard them list their clients. How many of their clients were Canadian? Very few.

But there were some. And if you talk to those companies, they'll tell you what a positive experience it has been. You heard Hossein tell you about his work with Metrolinx. You heard Jonathan tell you about his clients. Companies like Chapters Indigo have also hired DMZ companies.

By working with start-ups, these companies gain access to cutting-edge technology that helps them serve their customers better. These companies have learned what Silicon Valley has known for a long time. They've learned that waiting eight weeks is a lost opportunity.

Twenty years ago, even as little as 10 years ago, sustainability was not part of our business values. Offices didn't recycle paper. No one worried about reducing energy consumption. Today we know being sustainable is not only the right thing to do, it is also good business.

Ten years from now we will say the same about start-ups. Working with start-ups is the right thing to do. And it's good for business, for the economy and for our future.

Thank you.

The appreciation of the meeting was expressed by M.J. Perry, Vice-President and Owner, Mr. Discount, and Director, The Empire Club of Canada.

May 13, 2013

Andy Byford

CEO, Toronto Transit Commission

NEXT STEPS: TTC'S FIVE-YEAR PLAN

Chairman: **Robin Sears**
President, The Empire Club of Canada

Head Table Guests

M.J. Perry, Vice-President and Owner, Mr. Discount Ltd., and Director, The Empire Club of Canada; Victor Ruso, Student, St. Michael's College School; The Reverend Canon Kim Beard, Incumbent at St. Paul's On-the-Hill Anglican Church, Pickering; Rob Burton, Mayor of Oakville; Ann Curran, President, Curran Corporation Advisors Inc., Executive Director, Australia-Canada Economic Leadership Forum, and Past President, The Empire Club of Canada; Robert Hardt, President and CEO, Siemens Canada; Karen Stintz, TTC Chair and City Councillor Ward 16, Eglinton-Lawrence; and Bruce McCuaig, President and CEO, Metrolinx, and Director, The Empire Club of Canada.

Introduction by Robin Sears

Andy Byford was a huge "get" for Toronto. An Englishman who has helped transform one of the world's most famous and difficult transit systems in the world—the London Underground—who then applied his skills down under with their less ancient system, Andy has already made a huge difference here. He's a train guy who understands that his job is not to make the trains run on time, but to make his customers happy to ride his system. He has brought an informal confidence and performance-oriented focus to a system badly in need of those skills in its leader.

He came into a city and a transit system at a very low ebb. Anger and complaints about TTC customer service were at an all-time high. You know the dinner party jokes, "TTC's service motto: 'We're not happy until you're unhappy.'" He's made customer service a real performance measure at the TTC, and hired people whose job is to make sure his millions of passengers leave the subway smiling.

The leader of the TTC has a delicate and difficult leadership task balancing the demands of several masters, always under the glare of intense public scrutiny. I think you'd agree with me that as a newcomer he has navigated that challenge with consummate skill given a mayor, a TTC chair and a city council that could not be more at daggers drawn over transit policy.

Andy is here at a moment—we hope—of transformative change in our transit systems after more than a decade of paralysis. It is an exciting prospect to think of new lines, new trains, and new connections in a world-class transit system for our city after so many years of frustration. Andy, we are grateful for your willingness to commit this stage of your career to our transit system. We are all ears about your vision for its future.

Andy Byford

Mr. President, Mr. Mayor, Reverend Beard, distinguished guests, ladies and gentlemen:

When I was invited to speak at the Empire Club, my first reaction was one of quiet satisfaction to learn that, here at least, there exists a part of the Empire where the sun never sets. But in doing my research for today's event, I read with some amazement, the history of this illustrious establishment and I looked with awe at the glittering array of past speakers.

It is with a sense of pride, honour and humility that I represent the TTC here today, mindful that I follow in the footsteps of political giants such as Churchill, Thatcher and Reagan, of Canadian icons such as Trudeau and Diefenbaker and of world figures like Gandhi and the Dalai Lama.

Oh, and if you're thinking, "Hang on, we've seen him speak here before," that was the other guy; that was Vladimir Putin!

I'd therefore like to thank M.J. and the Club directors for affording me the honour to speak about my plans for the TTC today. May I first acknowledge the presence here today of my boss Karen Stintz, Toronto City Councillor and Chair of the TTC, and my friend and colleague Bruce McCuaig, CEO of Metrolinx.

A lot has happened since my wife Alison and I arrived in Toronto in late October 2011. I have barely paused for breath since joining the TTC in what has been a roller coaster ride so far. From flooded stations, to employees being shot, from political intrigue, to front-page controversy. You name it; it has happened. Being head of the TTC is a 24/7 public fishbowl that is not for the faint-hearted. The TTC is a media story every day to an extent that I have never experienced before in nearly a quarter of a century in international public transit.

People have asked me if I wish I had stayed in Australia for a quieter life. No way! I am immensely proud to run the third-largest transit system in North America in what is now that great continent's fourth-largest city.

Building on the hard work of my predecessors in this hot seat, the organization that I head up is carrying record numbers that continue to rise. This year, the TTC will provide some 528 million rides as our city expands at record pace. This equates to 1.7 million rides a day. Most of these journeys are completely uneventful. That is to say, we get our customers from A to B without incident or delay.

A lot goes into making an uneventful journey, however. Twelve thousand five hundred TTC staff work tirelessly day in, day out, in all weathers and often with little thanks to meet growing customer demands and societal expectation. Our bus maintenance teams keep our vehicles going for approximately double the North American industry average, while in the streetcar division, we make our own spare parts for vehicles whose manufacturers have long since entered the annals of history. This is the same, much maligned TTC that covers 70 per cent of its operating costs through the fare-box on the back of the lowest operating subsidy of pretty much any western world transit authority. It truly is a remarkable organization and I am immensely proud of the staff, who work there, most of whom do a great job.

But I didn't leave the sunny shores of Australia to maintain the status quo. I saw a golden opportunity to be part of something very special: to lead the team that will modernize the TTC from top to bottom, transform customer satisfaction and restore Toronto's system to what it once was—the jewel in the crown of North American transit.

I saw straight away that a more business-like approach was needed, along with a customer-service revolution, to show the people that pay our wages that we are serious about change.

What I could not have foreseen was my sudden, dramatic elevation to the top job after just three, short months in Canada. My predecessor's departure was both a challenge and an opportunity. A challenge, in that my learning curve disappeared off the chart, and an opportunity, in that I had free rein to make change and move at my own, invariably impatient speed. The head of the transit union said that, "Mr. Byford wants everything done yesterday." Well, you know what Bob? That's pretty much true!

So where are we now? One year into the job, a lot has happened. We have reorganized the entire enterprise to put the customer at the centre of our thinking, including creation of bespoke front and back-of-house service delivery teams to expedite improvement. We have delivered quick wins such as all-day in-service litter picks to provide cleaner trains, rolled out debit and credit facilities at all subway stations and refurbished the previously grim washrooms in response to customer feedback. We have developed high-level targets to track our service delivery, to motivate our teams to do better and to enable others to hold us to account. And we introduced the TTC's first-ever Customer Charter to publicly commit us to time-bound, value-added service improvements every quarter and to show that we mean business.

More fundamentally, we spent this first year building the basic management tools of a modern business, putting into place the framework that is the norm in other places that I have worked, but that were lacking at the TTC. There was no vision statement; there is now. No challenge meetings to hold senior executives to account for their departmental performance; there are now. And no key performance indicators against which to measure progress; there are now.

Year one has been about addressing what I call the "basics," that is challenging mediocrity, holding people to account, using data to drive improvement and obsessing about the detail. It's been about making our activities more transparent, providing clear direction and strong leadership. And it's been about giving the TTC back its self-confidence, replacing a siege mentality with a can-do desire to excel.

One major element was still missing. While business plans existed in the form of an annual budget submission, there was, remarkably, no corporate plan. Well, today I can announce the creation of such a plan.

Our new plan sets out in detail what the TTC must achieve between now and 2017. It is built around seven strategic objectives, the sum of which will deliver our vision of "a transit system that makes Toronto proud." It lists the big projects that will be rolled out over the next five years, game-changing programs that will transform the customer's experience.

I will give you a flavour of some of the key initiatives in each of the seven objectives.

Safety is first. The TTC has a good safety record and we must keep it that way. But as a former safety director, I want us to improve the way we make safety-based decisions to make sure that, when times are tough, we make tough choices using a quantified risk-based approach.

The second strategy relates to customer service, which I have already highlighted as a priority. We have already introduced our new Group Station Managers who will transform our subway service. We will also deliver a comprehensive plan to safely remove guards from trains and replace the Station Collector role with that of a highly trained, proactive Station Supervisor.

People are vital to the success of this plan. Management style will change to clearly differentiate the way we deal with good and unsatisfactory performance. Targets will be set for staff at all levels of the organization.

Asset management is the fourth area. In addition to taking action to make our trains, signals and track more reliable, there will be a review of the way we manage routes to ensure that procedures are customer- rather than production-led.

The fifth area is growth. In the fall of 2016, we will open the Spadina subway extension. We will also open the second platform at Union and we will work with Metrolinx to open the new LRTs and to develop the downtown relief line.

Financial sustainability is the sixth area. I regularly remind my team that these are not our dollars. We will undertake a zero-based, top-to-bottom cost review of every aspect of our business.

Finally, we need to transition the TTC's reputation from one that is perceived as arrogant, lacking transparency and in the words of one commentator "an impenetrable monolith." This will be done by being more engaged with the community and stakeholders at all levels.

There will be new trains, new buses and new streetcars. A smartcard, a smart new uniform, and smart new people. We will open a line to York Region and re-invest in a new line in Scarborough, converting the SRT to LRT.

All this must be achieved while delivering service to an ever-expanding customer base. Project coordination will be a challenge that must be got right. Our budgeting and estimating has to get exponentially better if we are to change our reputation. Throw into the mix the Pan Am Games in 2015 and the Metrolinx-led new LRT line construction and the scale of our challenge becomes apparent.

It's not all about new equipment and flashy new lines though. Our processes and systems are archaic and our procedures impede progress. A major part of our plan will address people performance and cultural transformation. Decades-old practices need to be swept away in a productive new partnership with our unions. Our cost base must undergo radical scrutiny and this work has already started with the controversial contracting out of non-core activities. Managers have been put on notice that our leadership style must change; everyone needs to up their game. I want to work for a TTC that overtly recognizes good performers while relentlessly managing the errant few. I want to push accountability down to the front line and I want customers to feel valued at every stage of their journey.

To deliver this sea change, I need political support and freedom to do what needs to be done. In Karen Stintz, I have a boss that gives me both. But that support needs to come from across Council and the TTC needs to work on regaining the trust of our elected officials.

I also need time and sustained funding if this bold plan is to succeed.

Funding is a real issue. While I believe that more efficiencies can be found, the TTC simply cannot continue to accommodate millions more rides without an affordable increase in subsidy. On the capital front, the subway isn't getting any younger. Substantial funds will be required over the next decade to upgrade track and other infrastructure and there will be disruption while we undertake the work. Additional capacity must be built across the city and crucial projects such as the Downtown Relief Line must become a reality if we are to keep Toronto moving.

These are exciting times at the Better Way. Staff tell me that there is a buzz about the place and that they welcome the new approach. As we approach our 100th anniversary in 2021, we have never been more essential to the economic success of our city. The winds of change are blowing through the TTC and we now have a plan around which to drive our complete transformation.

When I look back to the summer of 2011, when I was weighing up whether to come to Toronto, I knew this would be a big job. In reality, it is the biggest, most exciting challenge of my professional career. If we can deliver this plan, which we must, we will have transformed the TTC and its reputation within five years.

I am convinced that, with adequate funding, courageous political support and a rejuvenated, well-led and focused work force, we can do it. I am quite certain that we can get the TTC back to its position at the pinnacle of North American transit. And I am quite determined to deliver that vision of "a transit system that makes Toronto proud."

Thank you.

The appreciation of the meeting was expressed by Robert Hardt, President and CEO, Siemens Canada.

May 29, 2013

Amar Varma

Co-Founder and CEO, Xtreme Labs, and Managing Partner, Extreme Venture Partners

Anthony Lacavera

Chairman and CEO, Globalive Communications and Wind Mobile

Michael Bloom

Vice-President of Organizational Effectiveness and Learning, Conference Board of Canada

John Ruffolo

CEO, Omers Ventures

Mike Eppel

Senior Business Editor, 680 News

A CONVERSATION WITH MIKE EPPEL: VENTURE CAPITAL IN CANADA—BRIDGING THE EXPECTATIONS GAP BETWEEN VENTURE CAPITALISTS AND ENTREPRENEURS

Chairman: **Noble Chummar**
President-Elect,
The Empire Club of Canada

Head Table Guests

Lou Natale, Managing Director, NBV Group, and Director, The Empire Club of Canada; Krishan Iyer, Interim CFO, Borealis; Richard Lee, National Managing Partner, Deloitte & Touche LLP; James Baskin, Chairman and CEO, Pragmatic Conferencing, and Director, The Empire Club of Canada; John Muffolini, Toronto Managing Partner, Deloitte & Touche LLP; Atin Gupta, Regional Leader, Technology, MNP LLP; Ethan Baron, Young Entrepreneur, The Digital Media Zone, Ryerson University, and Co-Founder, OnTab; and M.J. Perry, Vice-President and Owner, Mr. Discount Ltd., and Director, The Empire Club of Canada.

Introduction by Noble Chummar

The appeal of venture capital around the world is growing as people and governments understand its impact on their economies. The 2008 global financial crisis drained the confidence of small business owners and budding entrepreneurs.

Governments all around the world, including Canada's, have recognized that small enterprises are the future and that venture capital invests in that future. The partnerships between the venture capitalists of today and the leaders of tomorrow will build the new framework that will keep us moving forward.

But venture capital goes further than securing economic prosperity. It gives ideas, missions, and entrepreneurs a chance to succeed. Venture capital is the fuel that drives the heart and spirit of Canadian values, creativity and business. It shapes products and services that improve our quality of life.

It takes courage for venture capitalists to take on the risks that come with investing in start-ups. Where would humanity be without the risk-taking of our ancestors?

Our task, as today's generation, is to embrace these risks, so that the future will be rich with opportunity.

All of the people here today are risk takers.

We're fortunate to have Amar Varma, Anthony Lacavera, Dr. Michael Bloom, John Ruffolo, and Mike Eppel here today.

Amar is one of North America's foremost experts in mobile applications and spends time educating enterprises and academia about the mobile ecosystem. Amar co-founded Xtreme Labs and Extreme Venture Partners to capitalize on the emerging mobile ecosystem. I remember meeting Amar six years ago when he told me that one day you'll be able to order a pizza from your phone. I thought he was crazy.

Anthony is the Chairman and CEO of Globalive Communications and Wind Mobile. Anthony founded Globalive in 1998 and co-founded Wind Mobile in 2008. He was named CEO of the year for 2010 by the Globe and Mail. Tony is someone who dared to take on the impossible and opened up the mobile telecom market in Canada.

Dr. Michael Bloom is Vice-President of Organizational Effectiveness and Learning at the Conference Board of Canada, and is responsible for managing five research groups. He is also leading a major multi-year conference board research initiative, the Centre for Food in Canada, which is developing a Canadian food strategy.

John Ruffolo is the CEO of Omers Ventures, the venture arm of Omers. He currently serves on the executive of the Canadian Venture Capital and Private Equity Association. Omers Ventures is one of the largest players in venture capital funding in Canada.

Mike Eppel has been reporting on the markets and business for more than 20 years and has been a reporter for CTV Newschannel, CTV National News, CFTO and BNN. He is currently the senior business editor at 680 News.

Mike Eppel

Thank you very much for the opportunity to moderate this panel this afternoon. On 680 we deal in business with a lot of publicly traded companies, companies that are already established, and what the markets are doing. We delve to some extent on new ventures but the focus is on the major publicly traded companies. It's a nice change of pace for me to talk about what could be up and coming. How do we grow venture capital in this country, really grow the economy and create jobs? We have four experts joining me on the panel this afternoon to discuss this. Our topic of discussion today is bridging the expectations gap between venture capitalists and entrepreneurs. I'm not going to say very much. You're here to hear our experts this afternoon. I'm going to start to my far left and Amar Varma, to discuss what you're finding right now in the world of venture capital. A couple of years ago we had Canada and the world slowing down, obviously, with risk money being pumped into the market. Are we on an uptrend here along with the global economy perhaps?

Amar Varma

The short answer is yes. I think the opportunity is way bigger than everybody appreciates. I think we face, as a generation today going forward, a much different generation than the one previous, in that my parents worked at places for 20-plus years, aspired for that day they could retire and have a pension and enjoy their time. Through a number of events, fraud, whatever you want to call it, that is not possible for our generation with any kind of confidence that our previous generation had. You're seeing a breaking apart of the monolithic institutions that dominated industries over the last 50, 70 years. I think what's transitioned for folks in our generation now is we've gone from manufacturing and a bunch of these things. The auto industry was a big deal in this province for sure. Now what do we need to do over the next generation, so that our kids can sit here in the same chair a generation from now saying, "Hey, we made some really smart decisions today that enabled us to have a very strong economy and GDP growth ahead of us, and make some risky decisions about changing the dynamic and composition of our economy"? I think we need to go into knowledge-based industries, areas where we have opportunities a generation from now to be a top one or two global competitive country versus always trying to play second fiddle.

Mike Eppel

We'll talk about the idea of finding specific sectors that we can excel at. John Ruffolo, if you could speak about the world of OMERS Ventures and private pension money coming into venture capital.

John Ruffolo

If you look at what's happened from a global and demographic perspective, the days of Canada sitting still and assuming we're going to still maintain the same standard of living with the threats that are currently there have ended. Where is the middle class going to be working? Where is our manufacturing sector? Is it going to employ the same levels of people? Are we going to go back to being the drawers of water and the hewers of wood? That keeps me up at night. When you look at the assets of this country, knowledge-based industries are not the only place that we need to be focusing on, but I believe they are among the few industries that we need to be focused on, because the days of trying to focus on everything is over. We're going to have to pick; we're going to have to be strategic. Strategy to me is saying "no" to things that you used to say "yes" to. We think Canada should play in the area of knowledge-based industries. When you look at the successful industries in Canada right now, what made them successful can be described by two basic words: productivity and innovation. The job that I have at OMERS is that I lead our innovation investing. One aspect of that happens to be the build-out of our own venture capital arm. How did that happen? First and foremost, the goal of a pension fund is to sustain the future income of our members. There is no question and there is no way that you can do something else because you will not be sustainable. But within that mandate, is there an opportunity to actually create a double bottom line? If we happen to invest in places where we think there are superior financial returns and as well, grow jobs in this country, guess what? We get more pension members. It's a great self-sustaining model. We spent a lot of time trying to find the spots. We are putting our money where our mouth is and we picked innovation. OMERS Ventures, which was born less than two years ago, is an attempt to deploy that capital. We have already deployed in 16 months, $120 million, to really place our bets and to really provide that rocket fuel for this Canadian industry to really start shining.

Mike Eppel

Dr. Michael Bloom from the Conference Board, you track the trends in venture capital, obviously. Is it primarily economy-based? A few years ago there wasn't so much money coming in. Is it coming back in now? Is it that easy to track venture capital investing?

Michael Bloom

As Alan Greenspan called it, irrational exuberance occasionally rears its head in Canada. The year 2000 comes to mind—the peak point for venture capital money, about six billion. There are some cyclical issues; there's no doubt about that, too. People moved away from this sort of investment when the economy went south in the recession. Beyond that, there are some more fundamental issues. By the way, at the Conference Board my latest thing is that I'm leading a centre on business innovation. That centre is coming out of our conviction that innovation is what we're lacking in this country on the scale we need it. We're starting to look at why it's not happening. I think this issue around venture capital comes with some pretty profound things in the way in which we operate. We have several studies coming out shortly. We've been looking into this rather closely through surveys, but also through executive interviews.

There is a gap between the way in which entrepreneurs are connecting to the capital in this country. In the early-stage money, our entrepreneurs who are enthusiastic are very keen and can talk with pride about the features of their work, their innovation. They're reluctant to give up control. They don't really know how to price the value of what they're doing in the market. They often don't have a great deal of management acumen. The people with money in Canada are somewhat risk-adverse compared to the U.S. A Deloitte study recently found there was some difference there. More than that, Canadians do set up their own firms on a large scale. We have a lot of small businesses. The issue seems to be on both sides. People are reluctant to give up control and emphasize the value part. On the other side the people with the money are reluctant to give up control and give the money away with the risk, which they can't price properly in the market. We have an issue here between the folks with the ideas and the enthusiasm and the folks with the money. The big question is how do we close that?

Mike Eppel

Anthony Lacavera, you've had experience with a company in the telecommunications industry, foreign investment, dealing with government regulations. You've run the gamut with entrepreneurship. What's your take on the state of venture capital right now?

Anthony Lacavera

Well I think Mike, in order to actually bridge the gap, we actually need to first talk about what the expectations are on each side. That goes along with some of the comments of Dr. Bloom in that regard. I think that we have a situation where there's a short-fall in education and understanding of what's really expected. When an entrepreneur walks into John's office and is looking for some seed funding or some early stage funding, there's often a wide miss on what John's hearing from that entrepreneur, and it's along the lines of what Michael was saying. Basically there's an unrealistic expectation of value in many cases. There's a lack of business acumen, which leads to business plans that are incomplete. I think we have to focus on the education of young entrepreneurs and helping young entrepreneurs break through that.

On the other side, I think we have an incredible shortfall in this country as a result of an embedded culture of risk aversion. What do I mean by that specifically? I'll use my own personal example. My mom is a teacher and my dad was a lawyer. The expectation when I was a kid was that I would go to school and become a teacher or become a lawyer. When I started my first business at 21, 22, when I was still an undergraduate in engineering, the big place to go to work was Nortel. There was an expectation in my family that I would get some work experience at Nortel. That was the safe, secure place to go.

John Ruffolo

Were they right on that?

Michael Bloom

We all know how that turned out. I think we need to break through that culture of risk aversion and it's a great and a necessary part of the process to pivot and fail and have challenges. Those are all good things, not negative things.

Mike Eppel

I just want to mention that we will open the floor to question and answer from the audience with about 15 minutes left to go this afternoon. Anthony, you talk about risk aversion here in Canada and we say the United States does such a better job at these things. They're more aggressive. They've got 300 million people, we have 30, give or take. It's a much larger country. There is more money perhaps there to be utilized. Can we measure ourselves against a powerhouse like our friends south of the border?

Anthony Lacavera

I don't think we should measure ourselves against events in the U.S., Mike. I think they're a benchmark for a lot of things and always globally the land of milk and honey. That's changing. Clearly, the BRIC countries are clearly running hard against them. I don't think we should focus on that. I think, as John was alluding to, we need to understand that our economy is based on natural resources. It is based on mining. It is based on the drawers of water, hewers of wood analogy. That's a reality for us. I think if we focus on innovation and focus on diversifying away from that, we can break through from that. We shouldn't be measuring ourselves necessarily against the U.S. I think it's more of a global question. We should be measuring ourselves and challenging ourselves against the speed of innovation that's happening in places like Asia and Brazil and Russia and India. I think we should be looking at all those places as benchmarks, not just the U.S.

Mike Eppel

Any other members of the panel want to chime in?

Michael Bloom

Recently we've been looking at this issue. On the one hand the United States has 315 million people; we have 35. Their domestic economy is big enough to support most of what they do and that's why they're not a big trading country relative to their economy. We're not that. What do we do about that? We have survey results from 630 firms. We asked them their strategy for innovation, where they were going with it, were they pinning it on technology, or were they pinning it on responding to users or customers. Were they looking at new markets? The third place was to new markets. They considered new markets to be another province. That leaves the world, and if you took off the U.S. piece of that, what about the rest of the world, all those emerging markets, the BRIC countries? The answer was that our companies weren't really looking very seriously for the most part at that world. Since innovation is so intimately connected with growth, if you don't have the ambition of growth by reaching new markets, you inhibit effectively your access to capital, because people don't see the scale of upside that somebody with a Google or a Facebook and an ambition to dominate the world is able to present to people with money.

Mike Eppel

Amar, you're nodding your head. Would you like to chime in?

Amar Varma

I think there's a world happening around us that we think we know about, call it other emerging markets, that are just growing leaps and bounds ahead of us in speed, numbers. People with sophistication and PhDs will look at every metric you throw down across the board and say we're getting crushed. We need to do something about it, not only for ourselves but as a generational thing. We're going to miss the boat if we don't act now. You can look at proxies in numbers or you can look at real life facts. Look at the tourists who are coming to see our country. What countries are they from? You start to see a change from the Japanese tourist to the Korean tourist to the Chinese tourist. You're starting to see a big change around us globally. I think we're blind if we sit here saying we can do it with internal GDP consumption and stuff like that.

Mike Eppel

John, changing focus about what entrepreneurs should expect from venture capital, when you're presented with an idea, how is it presented to you? What are you looking for specifically for where to put your money? Are you open to the idea of somebody coming in with an idea on a napkin and if it sounds good, putting some money behind that? Or do you need a spreadsheet of facts and figures on which to base your judgment?

John Ruffolo

It's a little all over the place. First of all, the supply of Canadian ideas has been utterly fantastic. There was a dry spell from about 2002 to 2010; there was a lull. Now there is no shortage of great ideas that we're seeing.

The one thing that I do say is that venture capital is just one source of financing, and it is the most expensive source of financing. When people come in, I look at their business plan, and by the way, "business plan" is in quotes, because we don't like fancy business plans. You're investing in the entrepreneur, particularly in the early stage. That business plan, one thing I can guarantee you, will be nowhere close to what you said it was going to be in the business plan. There are a lot of fundable businesses that we don't fund because we're the wrong funder. You ask why is that? If there is an opportunity to self-fund, to bootstrap, that doesn't impact the ultimate success of your business, why on earth would you go and seek capital where we're expecting the highest return? You have an idea such that there is a window when you require X amount of capital, that you otherwise just cannot obtain from really any other sources. You need it, or the opportunity is really lost for a variety of reasons. That is the ideal circumstance. We're looking at a business partner. This is a marriage. The idea of the quick flip, when Instagram was acquired by Facebook, was one of the worst disservices that happened to young entrepreneurs in this country. The real story is that the actual incubation period on average is 10 to 15 years. That means you're getting married for 10 to 15 years. When somebody comes to you with an opportunity, you really are going to be in bed with this person. You can't take that lightly. It takes a long time.

There is certainly more given to second timers or people that you already know in your ecosystem, because the process of knowing and trusting is actually accelerated. The earlier in the process you go in funding, as in OMERS' business, is all based on the quality of the entrepreneur. When we're doing later-stage investing, it goes a little bit differently, because now you actually have traction and product and revenues. It looks like more of a financial transaction. The people are still critical, but you've got other proof points in there. What we're really looking for when it's an early stage opportunity is what we can imagine are the possibilities with you together. At the end of the day it doesn't end up being what you say it's going to end up being.

Mike Eppel

What's the role of the venture capitalist from the funding point, out? How much managerial experience should they give to the startup company? Go ahead Michael.

Michael Bloom

I think you've put your finger on one of the most important issues. Look at the American experience versus Canadian, with the exception of mining, a very sophisticated business in Canada. It has lots of people with money and lots of management acumen tied together. Most sectors here compared to the U.S. don't have the same marriage of money and management skill. Some of the Americans who are bringing money here are doing this here as well. I know some Canadians do this. What we need are more people who say, "Here's some money. I'm going to show you how to fully commercialize it, take it to a market where you can make a profit, not just make a prototype, but actually find a market, get into the market, and make some money." It's a know-how and know-who combination and all the better if you can find your way into some market that's outside the province you're operating in. That might be a model for growth.

That's not something that's coming naturally to everybody with money in this country. They're certainly putting in money. Not everybody feels that they have the expertise to offer as well. If we could get some way to connect those two parts more in this country that would help.

Mike Eppel

Anthony, you've dealt with government regulation, foreign ownership issues. If you could expand on just what you've found with that? What type of a role should the government play in this? The federal government has a $400-million venture capital fund they just announced recently. The Ontario government is doing the same thing. There's obviously a place for government, but at the same time do you want governments picking winners and losers for that matter?

Anthony Lacavera

I think on the 400 million, it's interesting the way that's being divided up. It's going to so many existing institutions, financial institutions. We're not seeing nearly enough of that 400 going into new venture capital, new money management in my view. I think that that's a great example of a Canadian solution to something where we want to take risk, but not really. We want to go back to the people who have managed money before successfully. We're again just dipping our toe in the water instead of just going full at it, which is the way I would like to see them approach it. I do think government has a huge role. I come back to the education point. I think the role of government should be focused on education, and breaking down that culture of risk we have in our country. If you show people that it's a good and necessary part of the process to create, whenever you're going to innovate, there's going to be challenges, there's going to be failure, there are going to be pivots. We need to really make that a positive thing in Canada and the tone surrounding it to be a positive thing. I think it comes back to education. I think governments can create all the policies and frameworks that they want, but at the end of the day with the average Canadian, who has all these great ideas, and I agree with John, there are lots of great ideas out there, we don't act on them nearly as fast, and as aggressively as our counterparts to the south. I think that's what has to happen.

Mike Eppel

There has been a lot of discussion about the success of the Canadian mining industry. We've been a leader globally for mining ventures. What has made that so successful and how do we maybe emulate that for other sectors of the economy?

Amar Varma

Success breeds success. It's that simple. We've been successful there. People can come to lunch, raise a $100 million for a patch of land they have I don't know where, and they can go.

Anthony Lacavera

I would actually disagree with Amar on that. I think in mining we have a huge underlying asset base that we've been able to leverage and we continue to be able to leverage over a long period of time. When you talk about services and software and IT innovation, you're starting from a blank sheet of paper. You don't have an underlying asset that the rest of the world already wants to buy from you. I think we're amazing at money and have become very sophisticated. We're a leader in that. I think the lesson to take from that is we can be a leader in any industry we want to put our mind and effort to.

Mike Eppel

Michael?

Michael Bloom

That's an interesting point. I think we can go global in a lot of areas. With mining we've clearly had a big resource base. If you look at the profile of Canadian mining, Canada has $650 billion invested internationally. A good chunk of that is mining money. Part of that is because people have really got sophisticated management expertise on how to operate a mine, how to set up a mine, and operate it in many different jurisdictions around the world and also on how to manage the risk, price the risk appropriately, and manage the expectation. Canada's a country that likes good order and trust. I think there's a level of trust now in that track record of 40, 50 years of going global.

John Ruffolo

Canada is the mining capital of the world or one of them. I would say there is one reason Canada is the mining finance capital of the world. One reason and one reason only—flow-through shares; a tax policy that started 40 years ago and continues to this day. It's the single biggest subsidy that's been going on for a long, long time. Despite that success, and we are irrefutably the leader in the world, we don't dare stop that. When you ask the question about government stimulus, that is a great example. There are 10 billions, or hundreds of billions now, of flow-through share financing. It does work and the reason why it has worked is that we have these God-given resources here and the two were able to be exploited in the same backyard together. I think that was great and that should continue on.

Mike Eppel

Should there be more tax credits made available for various industries or just across the board for venture money? Should the regulators loosen restrictions on what needs to be documented for investment, for example? Does there need to be all that red tape to actually get something off the ground?

John Ruffolo

I believe in private-public partnerships. The private dictates where the resources get allocated and the public gives it some more fuel, some more jet fuel. Programs that I was far more supportive of were angel tax credits or corporate venture capital tax credits. Let the private sector place the bets and we'll give you some more jet fuel to compensate to some extent for the significant risk you're going to take, as opposed to continuing to create more and more things and structures and complexity and increase the amount of time for capital to be deployed on the ground. At the end of the day, the question is how do we get capital in the hands of the entrepreneurs as fast as possible with the least red tape and allow private-sector devices run freely.

Mike Eppel

I want to open the floor up to questions in just a moment. Before that, if I could ask maybe your thoughts on the idea of crowd source funding. This has been something that's been gaining strength a little bit or some notoriety on the Internet. If there's no place else to go, go to the net to raise money. Is there a future in that? Is that the nascent beginning of venture capital funding? Is that just risky money being thrown at the wall and see what sticks?

Anthony Lacavera

I think regulation's going to be a key for that to survive long-term and to grow. I personally like it, I'm a fan of it. I think that it's completely unruly right now. It's not going to be sustainable because too many people are going to lose money too quickly. It's going to flame out. As much as I would be aligned with the idea that government should be on a light touch, I think that one needs some sort of policy framework soon, to grow.

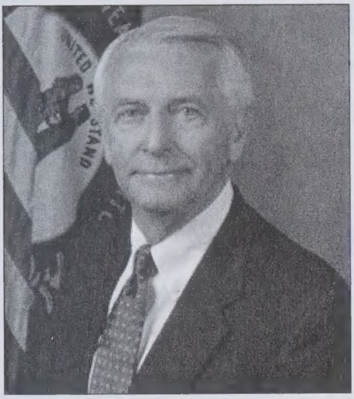
Mike Eppel

Michael, you mentioned earlier about the boom and bust aspect of this. Six billion dollars put into venture capital in 2000 and then it dropped off the face of the planet basically when the economy went sour. Now it's picking up. How do we avoid those cycles? Is there a way or is that just psychology?

Michael Bloom

I don't think you can avoid the cycle in business. The thing you can do is just keep hammering. There is a business cycle. Things go down; they do come up. Don't be playing the game so that you have to have that result in six months or you're out of it. By the way, our finding is echoing that people are putting the money in for longer. Whereas they were going two to five, we're seeing more people looking for five- to 10-year investments. To me, that's playing over the business cycle. I think we may get away from people being irrationally exuberant if they play the longer-term game. They still have to have an exit strategy at some point or else there's no difference in going to the public market to launch your company. I think the way forward is to think of a medium to longish term.

The appreciation of the meeting was expressed by Richard Lee, National Managing Partner, Deloitte & Touche LLP.



June 5, 2013

Steven L. Beshear

Governor of Kentucky

GROWING OUR FUTURE TOGETHER—THE VALUE OF ADVANCING THE STRONG ECONOMIC TIES BETWEEN CANADA AND KENTUCKY

Chairman: **Noble Chummar**
President-Elect,
The Empire Club of Canada

Head Table Guests

M.J. Perry, Vice-President and Owner, Mr. Discount Ltd., and Director, The Empire Club of Canada; Alexander Yu, Student, Trinity College, University of Toronto; Captain the Rev. Neil Thomsen, Evangelical Lutheran Church of the Reformation, and Kitchener Regimental Padre, Royal Highland Fusilier of Canada, Cambridge and Kitchener; Roy B. Norton, Consul General to Kentucky, Michigan, Ohio and Indiana; Jim Dickmeyer, U.S. Consul General in Toronto; Nick D'Andrea, Director, State Government Affairs, UPS; Michael Tierney, President, UPS; Sunil Sharma, Former Canadian Diplomat to the United States of America, and Founder, Xtreme Startups; Larry Hayes, Secretary, Kentucky Cabinet for Economic Development; and

Mark Romoff, President and CEO, The Canadian Council for Public-Private Partnerships, and Director, The Empire Club of Canada.

Introduction by Michael Tierney

Steven Beshear

As the Commonwealth of Kentucky's chief executive and most passionate salesman, I appreciate the opportunity to come here to the Empire Club to make the case for stronger economic ties between Canada and the Bluegrass State.

When you think of Kentucky, you probably think immediately of Kentucky Fried Chicken or the Kentucky Derby.

We're also famous for Bluegrass music, for native sons like Abraham Lincoln and Muhammad Ali, for the Mammoth Cave system (the biggest in the world), for college basketball, because we have been No. 1 two years running, and for bourbon, because we make 95 per cent of the world's bourbon (and all the rest is counterfeit, by the way).

But when it comes to Kentucky's economy, we're much more than all that.

We're one of the top producers of cars and light trucks in the United States. In fact, Kentucky ranked fourth in light vehicle production in the U.S. in 2012, producing more than one million vehicles, including some of the best-selling cars and trucks in our country.

Kentucky also has strong manufacturing presences in food products, chemicals, machinery and fabricated metals, to name a few.

We boast a longstanding agricultural and agribusiness industry.

Historically dominated by tobacco, it has become increasingly diversified, with additional focuses on agritourism and agri-energy initiatives.

We also have a growing high-tech industry, with clusters in bio-logistics and bio-sciences.

As a result of efforts to attract and cultivate innovative companies, we boast nearly 1,830 bioscience and health-science companies with 104,000 people working in advanced research and development fields like nutrigenomics and therapeutics to treat cancer.

Kentucky also has a history of innovation and entrepreneurship. We invented the first traffic light in 1923, created the first industrial robot in 1954, conducted the first human hand transplant in 1999, and in 2011 developed the first algae biomass containing over 70-per-cent fat, which may lead to a more economical process of producing biofuel from algae.

And this entrepreneurial spirit is spreading: In the 2011–2012 timeframe, Kentucky ranked second among states for growth rate in number of new firms per million residents.

Above all, Kentucky has a growing reputation as a dynamic and business-friendly location for international companies. Simply put, we welcome foreign investors and transplanted citizens with open arms: About 425 companies from 30 nations are now located in the Commonwealth, employing more than 80,000 people. Nearly 35 per cent of all new capital investment and almost 20 per cent of the new jobs announced in Kentucky last year were a result of foreign-owned enterprises.

That wasn't accidental.

Since I became governor in 2007, I have made it a priority to expand Kentucky's presence in the global economy, both strengthening our position as a trading partner and attracting investment from beyond our nation's borders.

To be successful in this increasingly sophisticated world, and to survive the valleys of its volatile up-and-down marketplace, it's imperative that we look beyond our borders and build relationships—not just economic ones but also social and personal ties—on a global level.

This mission has taken me to Germany, France and England, to India on a number of occasions, to China and Taiwan, and repeatedly to Japan. Each of those trips has brought new investment to Kentucky, as foreign-based businesses learn what great opportunities exist in the Bluegrass.

This is my first trip to Canada in an official capacity, and Kentucky's first official trade and investment mission here, even though this country is Kentucky's No. 1 trading partner. In fact, Kentucky and Canada trade some $11 billion in goods each year. And 33 per cent of all Kentucky trade is conducted with Canada, which exceeds the collective total of our next five international trade destinations.

Furthermore, over half a million Canadians visit Kentucky each year, and more than 70,000 Kentuckians travel north.

And both Canadian and Kentucky companies have reaped the pay-off of investing across the border for over half a century.

The investment has gone both ways.

Just to give a few examples:

- Back in 1953, a restaurateur named Colonel Harland Sanders opened a Kentucky Fried Chicken location in Calgary. Today, there are over 900 KFC outlets across Canada.
- In 1960, a Kentucky chemical manufacturer and oil refinery named Ashland established a regional headquarters in Canada. Today, Ashland Canada has a network of facilities coast to coast with $125 million in sales.
- And Alltech, a Lexington-based innovator in animal health and nutrition, came to Canada in 1988. Today, its Alexandria plant is one of the largest organic minerals facilities in the world.

Now, back in Kentucky, we're home to 35 Canadian-owned businesses that employ over 6,000 people, including companies like Martinrea International, Magna Car Top Systems, Ferus Corp., ABC Automotive Systems, and Westport Innovations.

- In 2011, Martinrea International announced a $12-million investment in its facility in Shelbyville, Ky., to manufacture parts for the next generation Ford Escape. Martinrea now employs 800 Kentuckians at its two plants in the Commonwealth.
- And in 2012, Westport Innovations celebrated the grand opening of its $4.5-million facility in Louisville, which will install compressed natural gas fuel systems in Ford Super Duty trucks.

These investments demonstrate the value of our two-way relationship.

Now, our Canadian friends here today understand better than anyone why Kentucky companies are attracted to the Canadian marketplace. Canada offers a low cost of doing business as a leader in low corporate tax rates, and is consistently ranked by Forbes Magazine as one of the top countries in the world to do business.

But you may be less familiar with why Canadian companies and investors are looking toward the Bluegrass state. Quite frankly, Kentucky has a lot of strengths:

- Lower operating costs than many areas of the United States, including low taxes, and among the lowest utility rates.
- Robust incentive programs aimed at both recruiting new companies and helping existing ones expand facilities, product lines and work forces.
- A central location, within 600 miles of two-thirds of the U.S. population, and less than a day's drive from some of Canada's largest population centres.

- Extensive highway, air, rail and waterway transportation systems, including about 60 public airports.
- Two major air cargo hubs, UPS and DHL, giving companies a leg up on getting products, papers and packages into the global stream of commerce. In fact, if you go out tonight here in Toronto and order a lobster at any restaurant, it likely spent last night in Louisville, Kentucky, at the UPS World Port.
- And most of all, a vibrant, skilled work force that is getting stronger all the time.

The Commonwealth is committed to developing a well-trained and efficient work force capable of competing in the global economy—whether we're talking about new graduates just starting their careers, or mid-career workers who are adding new skills and re-training.

Toward that end, we boast two major research universities, a range of regional four-year universities, an array of private institutions, and a burgeoning two-year community and technical college system, not to mention a work-force collaboration initiative that facilitated the training of 85,000 Kentuckians last year.

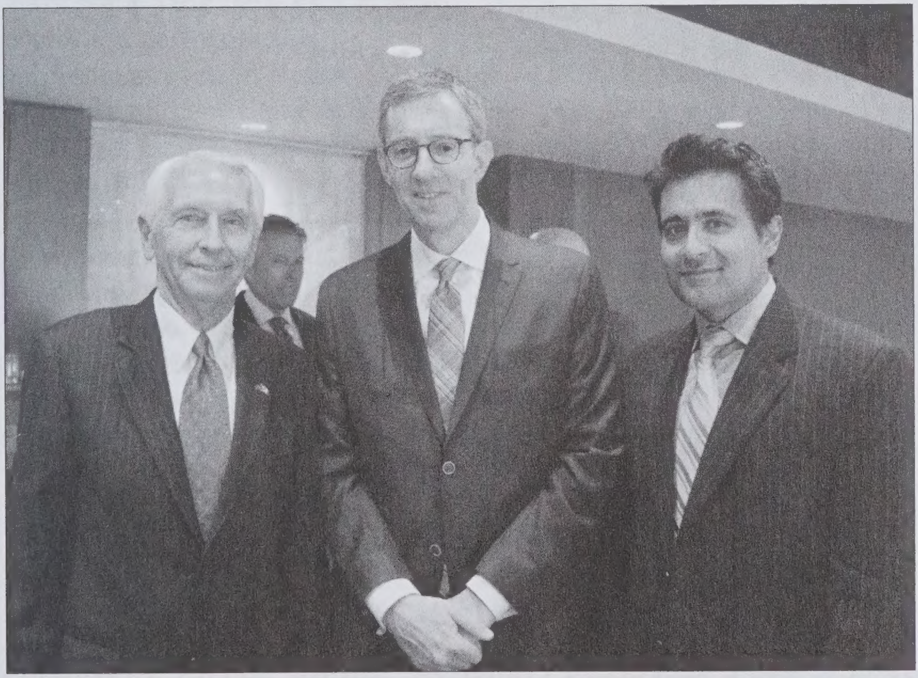
Now, as far as living in Kentucky, we boast an unusually rewarding quality of life, with beautiful landscapes, numerous opportunities for outdoor activities and adventures, numerous sports teams to cheer on, and many cultural attractions, such as museums, concert venues, plays and the world-renowned Bourbon Trail adventure. This is a wonderful place to live, work, play, raise a family and, yes, make money.

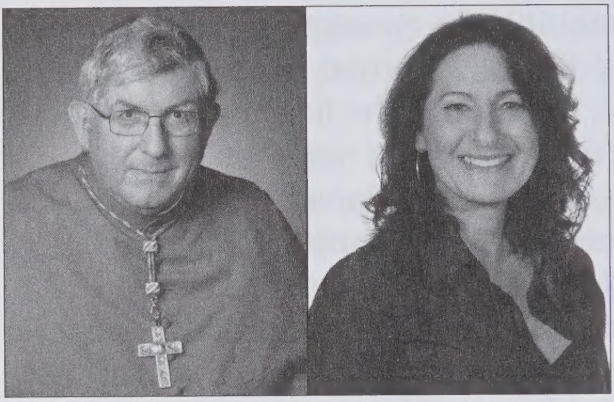
Now, like I said, this is Kentucky's first-ever trade and investment mission to Canada. Our delegation includes representatives from over 50 Kentucky companies, business groups and economic development organizations. We are here because Kentucky's relationship with Canada is strong, but we want it to be stronger. We want to work with you to expand the breadth and depth of our trade and investment ties, to improve the health of both of our economies and the quality of life of our peoples.

In closing, I want to thank our Canadian hosts for their hospitality and warmth, and the Empire Club and its president, Robin Sears, for hosting this luncheon.

I had the pleasure of hosting Canadian Consul General Roy Norton for a weeklong visit to the Bluegrass this past February. We treated him and his staff to the best that Kentucky had to offer, and he and his colleagues have gone all out to return the favour. We appreciate it. And we look forward to seeing our ties to Canada and the Canadian economy grow in number and depth.

The appreciation of the meeting was expressed by Mark Romoff, President and CEO, The Canadian Council for Public-Private Partnerships, and Director, The Empire Club of Canada.





June 20, 2013

Thomas Cardinal Collins

Archbishop of Toronto

Anna Maria Tremonti

Host, CBC Radio's "The Current"

HIS EMINENCE THOMAS CARDINAL COLLINS IN CONVERSATION WITH ANNA MARIA TREMONTI WHITE SMOKE: THE PAPAL CONCLAVE—A PERSONAL VIEW

Chairman: **Noble Chummar**
President-Elect,
The Empire Club of Canada

Head Table Guests

Jennifer Lee, Senior Leader, Deloitte & Touche LLP, and Director, The Empire Club of Canada; Nicola Henry, Grade 11 Student and Incoming President of Student Government, Holy Name of Mary College School; Father Vito Marziliano, Pastor, St. Clare's and St. Nicholas's Roman Catholic Parishes in Toronto; Kevin Daudlin, State Deputy-Elect, Knights of Columbus; Gordon McIvor, President, Alliance Française de Toronto, and Director, The Empire Club of Canada; Michael Wren, Senior Partner and Co-Chair, Commercial Real Estate Group, Miller Thomson LLP; Michael White, President and CEO, IBK Capital Corp.; Lisa LaFlamme, Chief Anchor and Senior Editor, CTV National News; Father Michael Busch, Rector, St. Michael's Cathedral; Susan Adam Metzler, Senior Partner, Commercial Litigation Group, Miller Thomson LLP; and Lou Natale, Managing Director, NBV Group, and Director, The Empire Club of Canada.

Introduction by Noble Chummar

The Roman Catholic Church, the largest Christian Church, and one of the oldest institutions in history is over 1.2 billion members strong and maintains a significant presence in every corner of the globe. The Catholic Church played a monumental and necessary role in the development of western civilization. The church brought us remarkable progress in the fields of language, science, music, art, architecture, and philosophy. It is no surprise that the church's traditions have endured for millenia on end.

Saint Peter was the first pope of the Catholic Church. There have since then been 265 popes with Pope Francis being the 266th. In my lifetime alone, there have been five popes including Pope Francis. When the new pope is being chosen, the entire world becomes captivated. They remain transfixed to their television screens, watching as throngs of people keenly wait in Saint Peter's Square, sometimes even in the rain, focused on the modest chimney at the top of the Sistine Chapel.

The allure of this single event, the simplicity of the gentle white smoke billowing from a tiny chimney, has the power to enthral billions, as it represents so much for so many. It represents change, it represents consensus, it represents a new stage in the resilient tradition of the Catholic Church.

I want to thank the cardinal for agreeing to speak at the club today, as we're all enthralled to hear his story of the papal conclave.

Anna Maria Tremonti is the host of CBC Radio One's most popular news-magazine radio program, "The Current." Tremonti is a former foreign correspondent and war correspondent, who spent close to a decade posted in Berlin, London, Jerusalem, and Washington. Let's give a warm welcome to Anna Maria Tremonti.

Born and raised in Guelph, Ontario, Thomas Collins was ordained a priest in 1973. He was named Bishop of St. Paul, Alberta in 1997 and Archbishop of Edmonton in 1999. Pope Benedict the sixteenth appointed Archbishop Collins the tenth Archbishop of

Toronto in December 2006. On February 18, 2012, he was elevated to the College of Cardinals in Rome. Cardinal Collins was one of three Canadian cardinals who participated in the 2013 conclave to elect Pope Francis. Thomas Cardinal Collins is the fourth cardinal in the history of the Archdiocese of Toronto and sixteenth in Canadian history.

Today, His Eminence joins the ranks of distinguished cardinals who have spoken at the club in the past: Cardinal Mercier in 1919, Cardinal Villeneuve in 1941, Cardinal Leger in 1974, Gerald Emmett Cardinal Carter in 1979, Cardinal Casaroli in 1984, and Cardinal Ambrozic in 2003.

We are highly honoured to have as our esteemed speaker the Archbishop of Toronto and Cardinal of the Roman Catholic Church. Ladies and gentlemen, please join me in welcoming His Eminence, Thomas Cardinal Collins, to the Empire Club of Canada.

Thomas Cardinal Collins

Good afternoon everyone. I wish to extend my gratitude to the Empire Club of Canada for inviting me to speak once again in this setting. In May of 2007, just a few months after becoming the Archbishop of Toronto, I spoke to the Empire Club on the topic of "The Contribution of Religion to Society." Six years later, we are still diligently working away in the Archdiocese of Toronto and I believe that our contributions are as important as ever. As Canada's largest diocese, we have 1.9 million Catholics, 225 Catholic churches and celebrate Mass in more than 30 languages every week. I feel blessed to lead our faith community and partner with friends representing many different religions in the Greater Toronto Area, motivated by our beliefs to assist others, strengthening our families, our cities and our country.

Since I last joined you, I am now wearing red a lot more often, as I was appointed to the College of Cardinals back in 2012. Cardinals wear scarlet robes not just to stand out at social functions, but more importantly, as a reminder of the blood shed by those who have been and are being martyred for their faith.

Sadly, this is still happening in many parts of the world, where living one's faith publicly can result in violence or even death. One of my heroes is Cardinal John Fisher, whose feast day is this Saturday, June 22. He shares the feast with his friend Thomas More, who was martyred a few days after him in 1535 on the orders of Henry VIII. Just a few weeks ago I went to the airport to welcome a family of refugees; many, many people seek refuge from persecution in our country. Many of the parishes of the archdiocese are sponsoring refugees, who remind us through their suffering of how we can take our faith for granted.

While my "day job" is to serve the people of the Archdiocese of Toronto, the most high profile task of a cardinal is to elect the successor of St. Peter when a pope dies, or as we witnessed for the first time in 600 years this past February, when a pope retires.

While there are plenty of novels and screenplays that describe the conclave experience as a thriller packed with back-room deals, plotting, scheming and jostling for power, it really is quite the opposite. Perhaps the visual of 115 cardinals in quiet prayer wouldn't be quite as compelling, yet it is much closer to the truth.

When one enters the Sistine Chapel to vote for the next pope, the spiritual leader who will shepherd the world's billion-plus Catholics, it can seem a little overwhelming, even more so, when you cast your ballot standing before Michelangelo's "Last Judgment." Before placing the ballot in the container on the altar, you look up, and say: "I testify before Jesus Christ who will judge me, that I truly believe that the person I am voting for should be elected." It was a profoundly spiritual experience.

All of us cardinals were very conscious of the prayers of people around the world supporting us as we fulfilled our mission, first of all in the intense series of meetings in which every cardinal was able to express his sense of the needs of the Church, and then in the conclave itself in which we were able to get away to an oasis of prayer to actually elect the successor of Peter.

Others accompanied us in this historic event—well not inside the Sistine Chapel, but in Rome. Six thousand journalists from every corner of the globe made the Eternal City a temporary residence. Both before and after the conclave, it was a wonderful opportunity for the Church to evangelize, to tell our story, and to discuss the joys and struggles of such a diverse global family.

I am grateful for all those who helped share that story with the world. In today's media culture of breaking news, Twitter and stories evolving by the nano-second, people around the world sat glued to their screens staring at a simple chimney waiting for smoke signals. There is a wonderful simplicity and beauty about that. Perhaps it was God's way of asking us all to slow down and take a breath.

So this afternoon perhaps I can share a few brief insights into the conclave experience. Just remember I can be excommunicated for saying too much. Then again, you know how it all ended. Pope Francis was elected and we can look ahead to a new pontificate where the Holy Father will, like those before him, bring his own unique gifts, talents and personality to the papacy. We pray for him and for all leaders throughout the world. Whether elected in the Sistine Chapel, or serving in the House of Commons or on the local parent council, we ask for our leaders to be true, faithful and committed. I am blessed to have been part of such an historic moment in the life of the Church.

A conversation between Thomas Cardinal Collins and Anna Maria Tremonti followed.

Anna Maria Tremonti

You, of course, will stop me before I get you excommunicated, will you?

Thomas Cardinal Collins

I'll look pale first of all and then I will sputter a bit.

Anna Maria Tremonti

You can say, "No comment."

Thomas Cardinal Collins

I'll try that. I've tried that on occasion.

Anna Maria Tremonti

I will need you to be very candid for this very first question about the conclave.

Thomas Cardinal Collins

Okay.

Anna Maria Tremonti

How was the food?

Thomas Cardinal Collins

It was okay. It was pretty good. It was very good food.

Anna Maria Tremonti

You were in Rome.

Thomas Cardinal Collins

I was in Rome. Actually though, I shouldn't be criticizing the food because the Pope is living there now, but it was very good. It was very nice.

Anna Maria Tremonti

You did bring a ballot with you. You also have a pen. Perhaps you can go through what you're holding.

Thomas Cardinal Collins

This is the ballot that you have to elect the pope. You get to keep these things, by the way. As soon as the pope got elected and started heading out, ready to go out to the balcony, Cardinal Re, who was in charge, said, "You can take anything at your place." I just grabbed it all. The master of ceremonies said, "Sit down, sit down." We all sat down except the Pope. I guess they didn't want us standing up as people would guess who was the pope. But then we said, "Why are we sitting down?" We all headed for the windows, grabbing things as we went. This is what a ballot looks like. It's just a folded piece of paper, a card. On it are the words "Eligo in Summum Pontificem," I elect as supreme pontiff, and then there's a line. You just write in a name. Every cardinal has at his place a list of all the 115 cardinals, 114 of whom get to go home. You have the list there. This is what they provide. This is the pen you use to vote for pope. I was kind of taken aback. Maybe it was the spirit of Pope Francis, you know, the simplicity and poverty. It's a little blue ballpoint pen with a bar code. You look up and you see the Sistine Chapel and Michelangelo, but the bar code is what got me. It was the bar code. I couldn't believe it.

Anna Maria Tremonti

Have you had someone read that bar code? Maybe it's special.

Thomas Cardinal Collins

Maybe it contains a secret message on whom to vote for, I don't know. I wrote a little note here just to prove this is the real thing. I said this Pilot G207 pen, number dah, dah, dah, dah, a little ad here for them, is one of the pens put at each cardinal's place in the Sistine Chapel for the conclave of 2013. There it is. That's a little bit of history. There are no nominations for pope. You don't have people running for pope. They're running away from being pope. As I said, 114 of us go home and one of us doesn't. You have on the first night only one vote. You get a scatter all over—one vote, two votes, three votes. There's some 20 or 30 and then one or two or three. You find out then who the papabile really are, the people who might end up actually being pope. You don't know before, because there was a thing in one of the blogs about the election, a buzz metre, about who was getting media buzz. Bergoglio was number 42 on the list.

Anna Maria Tremonti

I want to ask more about that. The very first ballot is like an open ballot? You're all technically running?

Thomas Cardinal Collins

Yes, everybody. In fact, you can just put in the name of anyone. For the last 700 or 800 years, it's always one of the cardinals. You just write or print in the name, then you start. It's organized. If you're at the Sistine Chapel, there are four rows—the first row, the second on that side, and then the back row and the one closest in. You sit by rank, from the cardinal bishops, to the cardinal priests, and then the cardinal deacons. The most junior cardinal is near the door. He shuts the door and he burns the ballots. You go up row by row and you hold the ballot up like this. You walk up. Each one goes up to the altar and says the prayer and drops it in. One of the cardinals was unable to walk. There are three scrutineers and three revisers, who are sitting at a table they bring in. Once everyone had voted, one of the scrutineers went down to his place and he said the prayer. Then the scrutineer took the ballot and walked up and dropped it in for him. Once you have the first ballot you know, roughly, who's going to be the pope. Then you go back home, have a nice meal, and talk a lot in the corridors. People are asking what you think of this. Of course in the week before, there'd been a lot of that kind of conversation too. The next day you just keep voting. We had Mass the next morning in the room we came from for the procession. Then we went in and did another vote, and another vote. You can sort of see names shifting around. By that time you're down to a very few. Then we went and had lunch. Then we came back. I went back a bit early and in the chapel there's a place for prayer with the Blessed Sacrament. The place was filled with the cardinals. They were all quietly slipping in there. Then we just left one by one. Then there was a couple more votes and there we are.

Anna Maria Tremonti

Just like that.

Thomas Cardinal Collins

You need 77 votes to get elected. It has to be two-thirds. We were checking away. I figured this might be it, you never know. I'd do one, two, three, four, slash, one, two, three. You get 115 cardinals all doing that. Cardinal Bergoglio seemed to be distracted. Anyway, we were doing that. His name came out at 77. Then we all clapped. Then we just continued until all the votes were counted.

Anna Maria Tremonti

When that process is going on, you are in the conclave. You're in the Sistine Chapel. You have desks? Each of you has a desk?

Thomas Cardinal Collins

It's like a long bench, made up of long tables. There are four long tables, all connected. You have your place with a place card with your name. On it you have a blotter. You get to keep that too. Below are these two sheets with the names of all the cardinals and a few ballots and the pen. Then you sit there. I had Cardinal Alencherry from India on one side and Cardinal Duka from Prague on the other. You will always be together because you go by seniority and we're in that place. The most senior cardinal under 80, who is Cardinal Re, would be the first to go. Cardinal Harvey, who's the most junior cardinal, would be the last. You just go up row by row. As each row rises and goes up, the next row gets ready and you just follow along.

Anna Maria Tremonti

Cardinals over the age of 80 are not allowed to vote?

Thomas Cardinal Collins

They're not allowed to vote. They used to vote, but Pope Paul VI changed that. He felt it would probably be wise to be able in a sense to retire from being an active cardinal. In fact they would just simply at that point not even show up. Pope John Paul made a very wise move. He kept the rule, the 80 rule, if you turn 80 before the pope, the See, is vacant. There was one cardinal who was 80, but he had turned 80 after the See was vacant, so he could still vote. Only those under 80 can vote. The ones over 80 can come to the pre-conclave, which is the week before, when we are going to meetings. You see pictures of cardinals going into the Vatican and all that. That's a whole different thing. There's a big amphitheatre type-thing with computerized things, computerized voting and things flashing on screens, the whole bit. For the real thing we just used paper and smoke signals. All the cardinals can come to that part. In fact, it was some of the much older cardinals who suggested, for example, that Pope Francis set up this group of eight cardinals to help advise him. That was a suggestion that came up during that pre-conclave, when all the cardinals could come.

Anna Maria Tremonti

During the pre-conclave, is that when you get an idea in your discussions with other cardinals about who you might want to be looking at to lead you as pope in terms of different issues the church faces? Is that when you discuss amongst yourselves and get an idea of who might be in the running?

Thomas Cardinal Collins

That's when that happens. Of course it should happen all the time, too. One of the roles of a cardinal is to know the other cardinals. It's your responsibility as a cardinal to get to know all the others all the time. It's certainly a focused period. There are only 115 under the age of 80 who voted. Each cardinal got to speak if they wanted to. You put in your name and about two days later you got to speak. You had five minutes. They'd bring the little microphone up with a translation thing. The cardinals spoke in mostly Italian, but also in French, German, Spanish, and English. I think there might have been Portuguese as well, different languages. It went on and on. It's a mind-numbing experience. You're sitting there in these beautiful big chairs. In front of you, somewhere hidden in the ceiling are these little cameras. You're facing a wall, that has these flat screen TVs. Cardinal Sodano, Cardinal Re and Cardinal Bertone, who were presiding, are facing you. Above you, you see the person who's speaking, but he may be behind you. You just go on and on, one after another. It's ten sessions of many, many hours. You're just sitting there listening and listening to these. It's very interesting. You realize how much experience there is in that room. These people have been through all kinds of things and often would speak of some of the very dangerous situations in the world.

Then we had reports mixed through it on the different departments of the Vatican. They would fill us in on that. It went on and on like that. That's the formal part. Then we'd have a coffee break. Someone suggested we should have three-hour coffee breaks and ten-minute sessions. At the coffee breaks you just talk more candidly. Then in the evenings, it's amazing how much Italian dining was being done, where you go out to these gatherings. People would be invited to different gatherings. Of course I can't say exactly what was said but people were sitting around saying, "Okay, what about this place? What about that place? What about this person, that person?" This was going on constantly.

Anna Maria Tremonti

How does a cardinal who wants to be pope signal that?

Thomas Cardinal Collins

If he did he would never end up as pope. There may be some cardinals who want to be pope, but that would be a very strange desire.

Anna Maria Tremonti

Really?

Thomas Cardinal Collins

The rest of us go home. Pope Francis said, "All my friends are 14 hours away." We just say goodbye. He wasn't exactly joking when he said right after the meal, right after, "May God forgive you for what you've done." The room you go into to put the white robes on is called the "Room of Tears." Everyone is running away from it.

Anna Maria Tremonti

Because to be the pope is also a burden.

Thomas Cardinal Collins

It is. It is quite a heavy responsibility. It's an awesome responsibility. I think it's a beautiful mission in the Church. I think everyone is so conscious of the awesome nature of being a successor, not of Pope Benedict or of Pope John Paul, but a successor of St. Peter, that it's quite an awesome thing. Anyone who is aware of all that would not be seeking to put themselves in that position. It has happened in the past. Those have been bad times in the Church's history. That's been gone though, fortunately, for quite some time.

Anna Maria Tremonti

Is there no lobbying as we would know it on a political level? Is there a subtle kind of lobbying? What can you tell us about what goes on in the discussions where one regional group might want to see themselves represented?

Thomas Cardinal Collins

I don't think you have a particular cardinal saying, "Okay, could you see how many votes we've got here or there and all that." That's just not the way it is. It's a whole different kind of thing. You certainly do have cardinals saying, "Well what about this one? What about that one?" This was going on all the time during the pre-conclave. "Is he good with, let's say, administration? Would he be able to deal with the challenges we're facing? What do you know about him?" It's amazing, when you get all those people together. A lot of them have been with a lot of the other ones. "I remember I went to his diocese for a while and he was really good with this or really good with that." You pick up beyond what you already know from maybe having read people's books or learned about them before. That's going on all the time. I think you do have people, who are very impressed by a particular cardinal, and say that this is the one who really should be the pope. He's really what we need, and they will maybe talk to others about that. You have several people offering suggestions. That's happening all the time.

Anna Maria Tremonti

You make the point that you were all speaking different languages. Is there a time in the chapel when you speak only one language?

Thomas Cardinal Collins

Most of the speaking happens in the pre-conclave. Then we all went to our parishes, because cardinals are all in charge of a parish in Rome. The Sunday before we went to our people, to be with the people of our parish. For me it's St. Patrick's parish, San Patrizio, and then we went into the conclave. In the conclave itself, it's very different. For one thing, when you got into this big hotel at Santa Marta, you go down below. They treat you like they do at an airport. They have screening, the bags go through. They take away your cell phones. Once you get actually into the conclave, there's hardly any talking at all. There's a prayer in Latin. Then Cardinal Re, who is the senior cardinal, would speak in Italian. We all know what we're doing because it's all in the book. Once we begin to vote, basically, we all just write the name and start walking up to the altar. Once all the votes are taken they bring the thing down onto this table where you have the three cardinals, chosen by lot, who are the scrutineers and revisers. First they count the ballots, "Uno, due, tre, quattro" in Italian. They put them into the next container.

Then they start calling them out. One looks at it, passes it to the second cardinal who looks at it, and then he passes it to the third cardinal who reads it out loud. There's a triple check on the actual name. Then everyone goes check, and you just keep going like that.

Anna Maria Tremonti

How old were you the first time you walked into the Sistine Chapel?

Thomas Cardinal Collins

How old was I?

Anna Maria Tremonti

How old were you? The first time you ever went there.

Thomas Cardinal Collins

I went there when I was studying in Rome from 1975 to 1978. I would have been in my thirties then.

Anna Maria Tremonti

I'm trying to get an idea of whether it would ever have occurred to you that you would be in that place again one day voting for the pope?

Thomas Cardinal Collins

Oh no, never. In 1978 I always wanted to be there at a conclave. What I'm thinking of is what I'll never get to see, I guess, until I'm over 80, if I make it that far—the crowd, the excitement, the people rushing to the square, the white smoke and all that. In 1978 I returned home in June. There were two conclaves that year, but I missed them both.

Anna Maria Tremonti

That was Pope John Paul.

Thomas Cardinal Collins

Pope John Paul I and John Paul II.

Anna Maria Tremonti

Let me ask you about that. When we saw those pictures, even here in Canada, we watch those pictures and see the crowd and feel the excitement. Could you feel the excitement of the crowd through those walls?

Thomas Cardinal Collins

Well you certainly had a sense of that, because we knew what would be happening out there. We knew people were there. We knew mostly what was out there. We also knew it was raining. After the pope is chosen, the cardinals go up to greet him and also some other people. The pope basically has to get out on the balcony. They're out there in the rain. He went out to bless them. You're very cut off in the Sistine Chapel. It's just the 115 cardinals. It's literally a conclave; you're locked in. It's a very quiet experience, because there's no sound except for the people saying the prayer as they reach the altar. It takes some time for 115 people to go up. Once you've gone or while you're waiting, you just sit there. Some were praying the rosary and some were just in silent prayer. There are no words. All you hear after that is one, two, three or the names. Then you do it again.

Anna Maria Tremonti

Speak to us a little more about the spiritual dimension of being in that room for this monumental action that you were part of.

Thomas Cardinal Collins

We were very conscious of all the prayers of the people. It was mentioned before that there was "Adopt a Cardinal," where people were given the names of cardinals to pray for. This was mentioned a lot among the cardinals, that people were out there praying for them, which we knew. In the pre-conclave we spent an hour of adoration before our Lord in the church, in St. Peter's. It was just a very prayerful thing. You start with Mass, and then you're praying during it. You're not talking at all during the conclave. You're just sitting there while the voting goes on. We would begin, and then we'd end with the prayer of the church, the divine office. During the conclave people were just sitting quietly; it's a very quiet event. Meanwhile we know that outside people are cheering. Of course the thing before was very intense, the very opposite. That's why I'm very glad for the conclave, because after you've been with people with cameras and everything, it's very intense, with all kinds of speculation about papabile and all this kind of thing, it's good just to get away from that. You enter into a spirit, an oasis, of a kind of silence. It's just very beautiful.

Anna Maria Tremonti

Was it overwhelming on any level for you?

Thomas Cardinal Collins

It was I think. I remember when I proclaimed that prayer, holding the ballot up and saying it, I'm looking up at the Last Judgment. A moment that really made me think was when you have the master of ceremonies saying, "Exeunt omnes, everybody out." You have the beautiful procession in and it was very moving. We were all organized according to place. They had it set up like preparing for a head table. You hear the chanting of the litany of the saints as we're going two by two through this room. Then you turn. When I made the turn you look and there's the Last Judgment of Michelangelo. Oh my gosh, it's hard to believe you're actually doing this. Then you go in and then everyone leaves after we swear the oath. That was all televised. Then everyone leaves. Then Cardinal Grech, who is one of the over-80 cardinals, spoke to us. His role was to speak to us about our responsibilities. Then he left. Then Cardinal Harvey shut the doors. You hear clunk. Then I remember thinking, "Oh my, this is it. Here we are." Then Cardinal Re got up and told us to begin. We wrote our names and lifted them up, and up to the altar we went. It was just amazing. Just astonishing.

Anna Maria Tremonti

Did you struggle with whose name you would write on that ballot?

Thomas Cardinal Collins

I certainly prayed and thought about it. You think of who you're voting for pope, especially when you say what you say when you vote. You take it very seriously. I'd been very much listening. You try to be attentive even before, listening a lot during the pre-conclave and to the discussions, listening to other cardinals. I thought very much. I knew there were some very remarkable cardinals. When you look around it's a bit of a difficulty to find which one is the one? Which one do you truly believe should be elected? That question is what you have to answer. When the moment comes and you have to write a name, not five names but one name, yes, you just think. Then you put it down. Then away you go.

Anna Maria Tremonti

It's quite something.

Thomas Cardinal Collins

It is. It's just amazing. It's hard to keep saying it's sort of a spiritual experience. It's a very quiet experience, the actual conclave. I stayed in one of the residences in Rome. There are three of them for priests, basically. One of them is Santa Marta where the pope is staying now, right in the Vatican. The other is a place called Casita Clara Via Traspontina, where I usually stay. It's about 10, 15 minutes away. I'd put my robes on and walk over there. There, it's cameras and excitement and you're working your way through huge crowds and everything. That whole week was very intense. Then when you get into the conclave, it's silent. That's quite a change. That's the way it should be, too. It's to avoid distraction. As one cardinal once said, "In the pre-conclave you're engaging in all this speculation that will be decided during the conclave." I thought there was a lot of wisdom in that.

Anna Maria Tremonti

You said that you were there making the marks as they read out the names. When it became clear that he was the pope, how did you react? What can you tell us about that?

Thomas Cardinal Collins

Like everyone else, I clapped, although he's not the pope yet, even when he gets 77 votes. He's just possibly the pope. We finish the voting, and when all the votes are finished, they check them and double-check them. They read out the names. Then the revisers, three more cardinals, count them again. Then once they have, they write on a sheet of paper. This time they start from the least ending up with Bergoglio. When they read out his number, which was more than 77, at that point we were all just kind of thrilled and interested. Then he was over in the corner. I remember seeing Cardinal Hummes, who was at his side, just a bit after the vote but before he was called up by Cardinal Re. He leaned over him like this and then leaned back. I didn't know what he was doing, didn't know what he was saying. As soon as he did that, Cardinal Bergoglio got up and Cardinal Re called him forward to stand in the centre. Then he read out, again, that basically he had been canonically elected pope. Do you accept? Cardinal Bergoglio said, "I accept," because he's the pope. Then he asked, "What name do you choose?" He said, "In honour of St. Francis of Assisi, I choose Francis." He said himself later that just before he was called up Cardinal Hummes leaned over to him and said, "Remember the poor, remember the vulnerable." He said that's when he decided on Francis.

Anna Maria Tremonti

That quickly.

Thomas Cardinal Collins

I would say it was probably about 10 seconds before he picked the name. It really is this way. It's quite remarkable.

Anna Maria Tremonti

It's really great to hear the little things.

Thomas Cardinal Collins

Because he could probably see it getting closer, he may have been thinking of this before, but I think that's probably when he picked the name.

Anna Maria Tremonti

Now we have seen him in the short time that he has been pope, we've caught some very interesting glimpses of him. Shortly after he became pope it was Holy Thursday, he gives Mass and he washes the feet of men who are incarcerated, prisoners. He was in the Popemobile just a few days ago and there was a boy with Down syndrome and he invited him in, let the kid in the chair and let him spin around. What should we take from these little glimpses of him with people? What does this tell us about who he is?

Thomas Cardinal Collins

I think we will get to know him more and more as time goes by. What you see is what you get. It's there; it's just him. It's what he's been like for years and years as a bishop in Buenos Aires. He's a very, very engaged bishop. He even speaks of himself as bishop. When he went to visit his parish, he told the people the Pope's in the Vatican. I'm your Bishop here. He was there with them. As somebody said, "He's like a parish priest." Priests are like this all over the world—caring, loving people. He's just a very personal, pastoral kind of bishop. That's his strength. His experience too. That's his particular part; his mission in life has been that.

Anna Maria Tremonti

At the same time he has signalled that he is ready to tackle tough reforms, that he is ready to look at the bureaucracy, that you've all agreed there needs to be some work done there. He's got a committee of eight. What should we watch for in terms of the bureaucratic side of this very, very important institution that has had issues?

Thomas Cardinal Collins

I think there have been difficulties. Obviously you hear about all these different Vatileaks and all this kind of stuff. I remember once when I was in Rome years ago, when I was just studying there the first time. A Canadian diplomat came and said, "I've always wanted to be in the Vatican. It's like a well-oiled machine. The Pope gives the orders, and the cardinals, the bishops, the priests, and the people tick away." I said, "You've just arrived, haven't you?" Because in fact there are all kinds of things that need to be done. In a sense popes have been very engaged in other things for the last 30 years—in apostolic journeys, in evangelizing the world, and in the mission of teaching, all of which have been a great blessing for the Church. Also you try to get different talents. One thing that's also important is to be actually watching over the running of the Vatican. He's not acting precipitously. He didn't just within a week say, "Well we'll start doing this or that." It's interesting, though, because when a pope dies or retires, all of the heads of the departments lose their positions. The number two ones keep their positions. Then when the new pope comes in he usually temporarily reinstates the top ones. Pope Francis temporarily reinstated everybody. Everybody's temporary. I presume, though, he's taking time to look at this. I presume he'll make some changes. I don't know what they'll be, but he's consulting.

Anna Maria Tremonti

We are almost out of time. I'd like to hear a little bit of the insights and the spiritual insights that you have brought home from that experience and how you are sharing it here at home.

Thomas Cardinal Collins

It just was an awesome experience. I think I've gained a great deal of appreciation for the College of Cardinals. I was sitting there hour after hour after hour, which was rather mind-numbing. It was speech after speech. Listening to these, I found that there's an awful lot of wisdom there, which I wasn't aware of so much. I didn't know them that well. I appreciated that very much. I think also it's very true that if you want to communicate, you always have to have ethos, pathos and logos. Ethos means build a bridge. Pathos means touch the heart. Logos means give the message. Always in that order. Build a bridge, touch the heart, give the message. I think that's a good thing. I think Pope Francis is giving the message, but he also has the capacity, which everyone is observing through simply just being himself, to build a bridge of trust and of love with people. That is, after all, what the title of pope is; it is pontiff, bridge builder. He's building the bridge. He's touching hearts through simple stories and talking about what his grandmother said and things like that. It's just great. Then he's also giving the message. I think that order is a sensible one. I think that we can all learn from Pope Francis.

Anna Maria Tremonti

Have you invited him to Toronto?

Thomas Cardinal Collins

No, I haven't. I could. I have a feeling he'll probably be sticking around Rome more. I think if I said, "Come to Toronto," he would say, "Fine, put the invitation on the stack on my desk." I don't know. I haven't thought of that. He's going to World Youth Day. That's about it, and maybe one or two other things. I think he's generally going to stay in Rome—he seems to be from what I know—and just work from there.

Anna Maria Tremonti

As you said, this was an historic moment. It would have been anyway. To have a pope retire the first time in 600 years and for you to be part of it and to share these little moments with us to give us more insight, thank you so much.

Thomas Cardinal Collins

It's a pleasure.

The appreciation of the meeting was expressed by Lou Natale, Managing Director, NBV Group, and Director, The Empire Club of Canada

THE EMPIRE CLUB OF CANADA
Membership 2012–2013

Ackerley, Rob
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Arndt, Wilfred
Arnold, Marvin
Arrell, H. Anthony
Atkin, Pearl
Atlin, Daniel

Baird, Ryan
Baskin, James
Bata, Sonja
Bax, Jan Hein
Beaulieu, Carole
Beech, Sarah
Bell, Jennifer
Bell, Warren
Berry, Henry
Boddy, John
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Bowers, Sandy
Boxer, Richard
Braithwaite , J. Lorne
Brown, Howard
Buaron, Estee
Burstyn, Helen

Campion, John
Carroll, Aileen
Cartwright, Brian
Charlton, Catherine R.
Chartrand, Lee Ann
Chocolatier, Purdys
Choudhary, Rakesh
Chummar, Noble
Chute, Jack
Clement, Gary
Clements, Lisa
Cole, Caroline
Conlan, The Honourable
  Mr. Justice Clayton
Cooper, Shawn
Couckuyt, Alec
Cowan, Donald
Cyr, Pierre

Dart, Jonathan
Daze, Mike
De'Andrea, Nick
Decter, Michael
DeGasper, Joyce
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Dostal, Helmut
Drake, Sandra
Dunbar, A. Carlyle

Ebedes, Allan
Ebrahim, Shafiq
Edmison, David
Eustace, Daniel

Feerasta, Hakim
Fernando, Xavier
Fierheller, George
Finlay, David
Flatt, Michael
Foote, Lori
Found, Kenneth
Fox, Maggie
Frantz, Bryan
Free, David

Garth, Dave
Gaskin, Fred
Gatzios, Maria
Godfrey, Michael
Goffin, Michael
Goh, M Cynthia
Goldring, Blake
Graham, Neale
Graham, The Hon. &
  Mrs. William C.
Griffith, Ted
Gross, Howard
Guelph Hydro
Gupta, Anita

Hanna, Jayne
Harnack, Uwe
Harris, Alfred

Harrison, Michael
Hewitt, William
Hill, Scott B.
Holman, Fraser
Houlden, Brent
Hren, Mike
Hrycak, John
Hunt, Susan
Hutchinson, Julien

Ierullo, Rae

Jesson, Barbara
Jewell, Anetta
Jilesen, Monique
Johnson, Donald K.
Jones, Steven

Kahan, Adam
Kassirer, Mark
Khaiat, Phillip
Khojajian, Barry
Kidd, Gayle
King, C. Wallis (Wally)
King, Steve
Kingerski, Margaret
Koger CA, Tom
Koopman, John
Koponen, Dianne
Koren, Han
Kothari, Raj
Krol, Stan
Kuzminski, Robert (Bob)

LaBarge, Armand
Laidlaw, Wiliam
Langley Hope, Kathryn
Lapedus, Justin A
Lee, Jennifer
LeGallais, Bryan
Levine, Michael
Levkovic, Pavle
Lewis, Reg
Liitoja, Mary
Lin, Sijia
Linley, Richard
Logue, Lynette
Lovrics, Margit
Low, Garth
Lowi-Young, Mimi
Lundy, Lois

Macdonald, Dr. H. Ian
Macrae, Rev. Arthur

Majcen, tihana
Maloney, Lawrence
Marsico, Giovanni
Martins, Carlos
Matrundola, Tel
May, Christopher
Mayer, Jack
McArthur, Jo-Ann
McCuaig, Bruce
McDowell, Robert
McIver, Megan
McIvor, Gordon
McKaig, Tom
McKeough, Joyce
McNab, Greg
Messenger, Cynthia
Mexner, Oliver
Meyer, Catherine
Michael, Ashley
Minakakis, George
Morris, Douglas
Moser, Ann
Munir, ahsan
Munk, Peter
Munson, Bill
Murphy, Timothy John

Nadler, Joe
Nasirpour, Maryan
Nobbs, Q.C., Edwin T.

O'Dette, Allan
O'Donohue, Justin
Ouellet, Jean

Parks, Arthur
Paz-Soldan, Carlos
Perrin, Eric
Perry, Mj
Pinder-Whitney, Joan
Plumpton, John
Prill, Brian
Prokop, Vivian
Pullen, Tony
Puthran, Vinayak

Radziuk, Dr. Sophie
Rahm, Col. Dahlijah
Reszel, Rozanne
Rider, Tim
Robinson, Clive W.
Rogers, Gary
Romoff, Mark

Ross, N. William C.
Rourke, Tim
Rozee, Edward

Sack, Jeffery
Saleemi, Irfan
Scongack, James
Scott, Robert L. (Bob)
Scrivener, Paul
Sears, Robin
Sevigny, Dr. Alexandre
Seymour, Harry
Shaikh, Uzair
Shi, Dan
Shimokawa, kimiko
Shuttleworth, Nan
Sigvaldason, Oskar
Singh, Amandeep
Singh, Manohar
Singh, Nadine
Smith, Steven
Smitheman, tim
Solway, Gary
Sood, Pradeep
Sorbara, Joseph D.
Spence, James W.
Spogli, Vincenzo
Spratt, Crawford
Squires, Alex
Stalbecker-Pountney, Barbros
Steffer, Robert
Strangemann, Gunter
Stroomberg, Arjan
Subotic, David
Swayze, Mikael
Sylvester, Verity
Szirtes, Penny

Theofanis, Nick
Torsney, Hon. Paddy
Tucker, John

Vukovic, Janet

Wakim, Samuel
Walker, Bill
Walker, David
Walsh, Judi
Walton, Mary Margaret
Walton, Ron
Ward, Jacqueline
Weir, Sheena
Wells, Loren A.
West, Kevin
White, William
Whiteacre, J. A. William
Whittaker, Bill
Witt, Trevor
Wolfson, Judith
Wood, Andrea
Wymant, Michael

Yap, Matthew
Young, David
Yu, Alexander M

Zed, Paul
Zorbas, John
Zych, Luke L.

THE EMPIRE CLUB OF CANADA
Balance Sheet as of June 30, 2013

ASSETS	
Current Assets	
Chequing/Savings	
Bank of Montreal	$ 96,960.55
Total Chequing/Savings	$ 96,960.55
Accounts Receivable	
Accounts Receivable	$ 9,769.99
Total Accounts Receivable	$ 9,769.99
Other Current Assets	
Prepaid Expenses	$ 5,321.21
Total Other Current Assets	$ 5,321.21
Total Current Assets	$ 112,051.75
Fixed Assets	
Furniture and Fixtures	$ 1.00
Total Fixed Assets	$ 1.00
TOTAL ASSETS	**$ 112,052.75**
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	$ 40,049.56
Total Accounts Payable	$ 40,049.56
Credit Cards	
EC Master Card	$ 826.03
Petty Cash	$ -250.00
Total Credit Cards	$ 576.03
Other Current Liabilities	
Accrued Liabilities	$ 7,497.50
Deferred Revenue	$ 11,063.49
GST/HST Payable	$ -5,378.01
The Canadian Club	$ 9,454.38
Total Other Current Liabilities	$ 22,637.36
Total Current Liabilities	$ 63,262.95
Total Liabilities	$ 63,262.95
Equity	
Retained Earnings	$ 48,619.99
Net Income	$ 169.91
Total Equity	$ 48,789.80
TOTAL LIABILITIES AND EQUITY	**$ 112,052.75**

THE EMPIRE CLUB OF CANADA
Profit and Loss July 2012 through June 2013

Ordinary Income/Expenses	
Income	
Sales	
Conrad Black Book Sales	$ 2,849.55
Memberships	$ 19,057.49
Regular Luncheons	$ 338,402.71
Sponsorships	$ 260,199.96
Webcast Sales	$ 176.99
Sales—Other	$ -10,732.70
Total Sales	$ 609,954.00
Total Income	$ 609,954.00
Cost of Goods Sold	
Luncheon Expenses	$ 263,910.56
Total Cost of Goods Sold	$ 263,910.56
Gross Profit	$ 346,043.44
Expenses	
Advertising and Promotion	$ 3,197.93
Audit and Legal	$ 11,761.50
Bad Debts	$ 541.69
Bank Charges and Interest	$ 81.00
Bookkeeping Fees	$ 11,042.50
Credit Card Discounts	$ 8,773.02
Director Meetings	$ 5,605.17
Insurance	$ 6,986.52
Interest and Penalties Expenses	$ 2,051.05
Ofice and General	$ 9,155.15
Payroll Expenses	$ 7,065.31
Photography	$ 450.00
Printing and Postage	$ 5,547.69
Rent	$ 12,861.31
Salaries	$ 116,688.92
Telephone and Internet	$ 7,057.68
Temporary Help	$ 8,474.57
Video and Post Production	$ 70,099.73
Website and E-commerce	$ 33,432.79
Yearbook Donations	$ 25,000.00
Total Expense	$ 345,873.53
Net Ordinary Income	$ 169.91
Other Income/Expense	
Other Expense	
Suspense Account	$ 0.00
Total Other Expense	$ 0.00
New Other Income	$ 0.00
Net Income	**$ 169.91**

THE EMPIRE CLUB FOUNDATION

June, 2013

Fellow members,

In the 2012–2013 season, under the seasoned leadership of Mr. Robin Sears, the Empire Club of Canada has continued to provide a forum for the intellectually curious and the socially active. President Sears has added yet another brick to the Empire Club's foundation, adding to its legacy, and further cementing its reputation as the leading speakers' forum in the country.

Perhaps surprisingly as the digital age unfolds, the value of attending Empire Club events live, and the opportunity that allows us to sense nuance, and assess character and conviction, only grows. Past President Harold Lawson once said, "Only in the physical presence of a great man can you touch the hem of his garment." The fact that the Empire Club of Canada has survived for a century and is as resilient and relevant as ever in its second century is proof of this tenet. The Empire Club of Canada has an illustrious past, which will only be surpassed by its own future.

The Empire Club of Canada is a club of "record," and is unique in that regard. The text of all speeches since our founding in 1903 has been published in our annual yearbooks, and distributed to libraries across the country. Although this physical volume remains, and will always be, an important part of the activities of the Empire Club Foundation, our Web site, which contains the text of all speeches ever made to the Empire Club of Canada, is increasingly called upon by historians. We believe that this Web site is and will be an invaluable resource for anyone who wishes to understand Canada's past.

This yearbook is funded through the generosity of the many members and friends of the Empire Club of Canada. We are also indebted to Gary and Carolyn Metcalfe at Fine Impressions, our long-time partners in the production of this volume. On behalf of the Empire Club Foundation I thank everyone who helps maintain and grow our tradition.

Sincerely,

John C. Koopman
Chairman

THE EMPIRE CLUB FOUNDATION

Patron

Col. The Hon. Henry N. R. Jackman, OC, KStJ, OOnt, CD, LLD

Officers

Chairman: John C. Koopman
Honorary Secretary: William G. Whittaker, QC
Honorary Treasurer: Richard Goodall, CA

Past Chairmen

David A. Edmison, CFA
Douglas L. Derry, FCA
Bruce J. Legge, CMM, CM, KStJ, ED, CD, QC
Robert H. Hilborn, LVO, MBE, CD
John A. MacNaughton, CM
Reginald W. Lewis, CMM, CM, OStJ, CD

Directors

John F. Bankes
Mary R. Byers
Verity Craig
Frederick L. R. Jackman, CM, CStJ, OOnt, CD, OMC, LLD, DSc
Gordon McIvor
John Niles, MSM
Gareth S. Seltzer
Harry T. Seymour

Financial Report (unaudited)

THE EMPIRE CLUB FOUNDATION
Statement of Financial Position for the Year Ended April 30, 2013 with Comparative Figures for 2012

	2013	2012
Assets		
Current Assets:		
Bank of Montreal	$ 30,228	$ 79,536
Due from The Empire Club of Canada	50,528	25,528
HST recoverable	4,813	5,272
Total Assets:	$ 85,569	$ 110,335
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	$ 8,888	$ 9,888
Accrued liabilities	75,000	97,716
Total Liabilities:	83,888	107,604
Net Assets:		
Opening Balance	$ 2,731	$ 444
Net Surplus (Deficit)	(1,050)	2,287
Total Net Assets:	$ 1,681	$ 2,731
Total Liabilities and Net Assets	$ 85,569	$ 110,335

Signed on behalf of the Board

John C. Koopman
Chairman

Harry T. Seymour
Director

CONSTITUTION

The Empire Club of Canada By-Law No. 1

Being a special by-law relating generally to the administration of affairs of The Empire Club of Canada

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ARTICLE VI	*Meetings of The Board*
ARTICLE VII	*Committees*
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The following is hereby enacted as By-Law No. 1 of The Empire Club of Canada (hereinafter called the "Club"):

ARTICLE I *Definitions and Interpretation*

Section 1.01 Definitions

In this By-Law, the following words and phrases shall have the following meanings, respectively:

a) **"Act"** means the *Corporations Act*, R.S.O. 1990, c.C.38 as amended, and every statute that may be substituted therefore and, in the case of such substitution, any reference in the By-Law of the Club to provisions of the Act shall be read as references to the substituted provisions therefore in the new statute or statutes;

b) **"Board"** means the board of Directors of the Club;

c) **"By-law"** means this By-Law and all other by-laws and special by-laws from time to time in force and effect;

d) **"Club"** means the corporation incorporated by Letters Patent issued on the 26th day of March 1912, pursuant to *The Ontario Companies' Act* and operating under the name of The Empire Club of Canada;

e) **"Notice"** means, the provision of information, orally, or in writing, and may be communicated via telephone, facsimile transmission, publication, or electronic mail, and is deemed to be effective on the date the notice is sent or published, and such Notice shall be sufficient if addressed to the Members at their respective Recorded Address, and deposited post paid in the post office in Toronto;

f) **"Recorded Address"** means, in the case of a Member, his or her address as recorded in the register of Members and, in the case of a Director, Officer, auditor or member of a committee of the Board, his or her address as recorded in the records of the Club;

g) **"Registered Office"** of the Club will be at such location in the City of Toronto as determined by the Board from time to time;

h) **"Special Resolution"** means a resolution passed by the vote of at least two-thirds of the Members present and voting at a duly convened meeting;

i) **"Member"** means a member of the Club; and

j) **"Officer"** means those officers of the Club set out in Article VIII.

Section 1.02 Interpretation

This By-Law shall be interpreted in accordance with the following, unless the context otherwise specifies or requires:

a) Words importing the singular number or the masculine gender shall include the plural number or the feminine gender, as the case may be, and vice versa, and references to persons shall include individuals, firms and corporations; and

b) Headings used in this By-Law are inserted for reference purposes only and are not to be considered or taken into account in construing the terms or provisions thereof or to be deemed in any way to clarify, modify or explain the effect of any such terms or provisions.

Section 1.03 Repeal of Previous By-Laws

All previous By-Laws relating to the administration of the affairs of the Club are hereby repealed and replaced with this By-Law.

ARTICLE II *Business of the Club*

Section 2.01 Name

The name of the Club is "The Empire Club of Canada."

Section 2.02 Registered Office

Until changed in accordance with the Act, the Registered Office of the Club shall be in the Province of Ontario and at such location therein as the Board may, from time to time, determine by resolution.

Section 2.03 Corporate Seal

The seal, an impression whereof is stamped in the margin hereof, shall be the seal of the Club.

ARTICLE III *Purpose and Object of the Club*

The purpose and object of the Club is to promote the interests of Canada and the British Commonwealth of Nations.

ARTICLE IV *Membership*

Section 4.01 Classes of Members

The membership of the Club shall consist of:

a) Life Members;

b) Senior Members

c) Regular Members;

d) Junior Members; and

e) Spousal Members

All members of classes (a), (c), and (e), must be the full age of eighteen years (excepting Senior Spousal Members), and otherwise have the capacity under law to contract.

Section 4.02 Life Members

Members of the Club in good standing may be elected to be Life Members by a two-thirds majority of those present at a Board meeting. Life Members shall pay one fee only, variable by age of the applicant, as may be fixed and published from time to time by the Board of Directors.

Section 4.03 Senior Members

Senior Members of the Club shall be of such age, and employment status, as determined by the Board of Directors from time to time.

Section 4.04 Regular Members

Candidates for Regular Membership shall be proposed by a Member in good standing and shall be elected by a two-thirds majority of those present at a Board meeting.

Section 4.05 Junior Members

Candidates for Junior Membership shall be between the ages of 14 and 35 years, proposed by a Member in good standing, and elected by a two-thirds majority of those present at a meeting of the Board of Directors.

Section 4.06 Spousal Members (Regular and Senior)

Spousal Members are charged annually a lesser membership fee for a spouse living at the same address as a Regular Member, Junior Member, or Senior Member.

Section 4.07 Membership Fees

a) All Members (excepting Life Members) shall pay respectively such annual fees as may be fixed and published from time to time by the Board of Directors;

b) All Members elected after the first day of March in any year shall pay one annual fee only in respect of the period from the date of election until the 30th day of September in the following year; and

c) For all Members, membership shall end June 30, and if any Member is in arrears for fees after February 1 of the following year, such Member will no longer be considered in good standing.

ARTICLE V *Directors*

Section 5.01 Duties and Powers of Directors

The affairs of the Club shall be managed by a Board of Directors who may exercise all such powers and do all such acts and things as may be exercised or done by the Club.

Section 5.02 Number

The Board of Directors shall comprise 40 persons and shall include all of the following:

a) 30 Members;

b) The four Immediate Past Presidents; and

c) six Officers.

Section 5.03 Quorum

Ten Directors present at a meeting of the Board shall constitute a quorum.

Section 5.04 Qualification of Directors

Each Director shall:

a) be at least eighteen (18) years of age;

b) be a Member of the Club;

c) not be an undischarged bankrupt; and

d) have the capacity under law to contract.

Section 5.05 Nomination and Election of Directors

Nominations for election as Director at the Annual Meeting of the Club may be made in accordance with the following process:

a) The Board shall charge a committee with responsibility for the nominations process relating to the election of Directors, (the "Nominating Committee"), which shall consist of five Directors and four other Members of the Club;

b) The Nominating Committee shall be appointed annually by the Board of Directors in accordance with Article 7.01;

c) The Nominating Committee shall prepare a list of the nominations for Directors for the ensuing year;

d) The Chair (or acting Chair) of the Nominating Committee shall report the nominations to the Annual Meeting at which the Board of Directors shall be elected, but nothing herein shall preclude the nomination of other persons for the office of Director at the Annual Meeting;

e) If nominations do not exceed the number of Directors necessary, the Chair of the meeting may instruct the Secretary to cast one ballot in favour of those so nominated and thereupon such persons shall be declared by the Chair to have been duly elected;

f) If the nominations exceed the number of Directors necessary, the Chair will call for a show of hands, unless a poll be demanded by the Chair or by any candidate for election. Upon a show of hands every member having voting rights shall have one vote and a declaration by the Chair that a resolution has been carried or not carried followed by an entry to that effect made in the minutes of the Club shall be prima facie evidence of the fact without proof of the number or proportion of the votes accorded in favour or against such resolution. The demand for a poll may be withdrawn, but if a poll be demanded and not withdrawn the question shall be decided by a majority of the votes cast and such poll shall be taken in such manner as the Chair shall direct. The result of such poll shall be deemed the decision of the Club upon the matter in question. In the event of the equality of the votes cast, whether by a show of hands or by a poll, the Chair shall be entitled to a second or casting vote; and

g) No person shall be elected a Director unless he is a Member in good standing.

Section 5.06 Honorary Directors

A Member, whose service to the Club has been exemplary, may be elected to the position of Honorary Director annually by a two-thirds majority of Directors, subject to re-election.

Section 5.07 Remuneration of Directors

The Directors shall receive no remuneration for acting as such.

Section 5.08 Casual Vacancies

In the event of any vacancy occurring in the office of Director, the remaining Directors may fill the vacancy from among the Members for the unexpired portion of the term of office of the person whose office is vacant.

ARTICLE VI *Meetings of The Board*

Section 6.01 Procedure

The procedure for regular Board meetings is as follows:

a) Board meetings shall be called by the President, or on a requisition signed by ten Directors;

b) The President shall, when present, preside at all meetings of the Members and of the Board of Directors. During the absence or inability to act of the President, the Vice-Presidents in order of seniority, shall act as Chair at such meetings;

c) Questions arising at any meeting of the Directors shall be decided by a majority of votes unless otherwise specifically provided by statute or this By-Law. In the case of an equality of votes, the Chair of the meeting, in addition to his original vote, shall have a second or deciding vote;

d) All votes at any meeting shall be taken by ballot if so demanded by a majority of Directors present, but if no demand be made, the vote shall be taken by a show of hands; and

e) A declaration by the Chair of the meeting that a resolution has been carried and an entry to that effect in the minutes shall be admissible in evidence as prima facie proof of the fact without proof of the number of proportion of the votes recorded in favor of or against such resolution.

Section 6.02 Notice

a) Notice shall be given to each Director and Honorary Director five days or more before the Board meeting is to take place, provided that a Board meeting may be held at any time if all Directors are present or if those absent have waived Notice or otherwise signified their consent to such meeting being held in their absence, in writing;

b) Notice of regular Board meetings may be given via telephone, facsimile transmission or electronic mail to each Director, and Honorary Director;

c) Waiver of Notice may be given via facsimile transmission or electronic mail to each Director, and Honorary Director; and

d) The Board may appoint a day or days in a month or months for regular meetings, at an hour or place to be named, and of such regular meetings, no notice need be given.

ARTICLE VII *Committees*

Section 7.01 Standing Committees

The following standing committees and the Chair of each shall be appointed by the Board of Directors as soon as convenient after each election of the Board:

a) Budget and Finance Committee;
b) Speaker's Committee;
c) Membership Committee;
d) Constitution and Corporate Governance Committee;
e) Reception Committee;
f) Publicity and Public Relations Committee;
g) Yearbook Committee;
h) Head Table and Attendance Committee; and
i) Nominating Committee;

provided that for any year the Board of Directors may by resolution elect not to appoint any one or more of such committees.

Section 7.02 Other Committees

The President or the Board of Directors may from time to time appoint such other Committees as may be deemed expedient, necessary or appropriate for such purposes and with such powers as the President or the Board shall see fit.

Any such Committee may formulate its own rules of procedure, subject to such regulations or directions as may from time to time be made by the President or the Board.

Section 7.03 Removal from Committees

Any committee member may be removed by resolution of the Board.

ARTICLE VIII *Officers*

Section 8.01 Appointment of Officers

The Board of Directors shall meet as soon as convenient after their election for the purpose of appointing the Officers of the Club for the period ending June 30th in the next year, but each Officer shall continue in office until his successor is appointed. No notice of the meeting to appoint new Officers is required if this meeting is held immediately after the Annual Meeting.

Section 8.02 Honorary Officers

The Honorary Officers of the Club shall consist of the following:

a) Honorary President;

b) Honorary Vice-President;

c) Honorary Chairman;

d) Honorary Secretary;

e) Honorary Treasurer; and

f) Honorary Solicitor.

Section 8.03 Officers

The Officers of the Club shall consist of the following:

a) President;

b) First, Second and Third Vice-Presidents;

c) Secretary; and

d) Treasurer.

Section 8.04 Qualifications

a) All Officers other than Honorary Officers shall be Directors of the Club;

b) No person other than the Honorary President and the Honorary Vice-President shall be eligible for office unless he is a Member in good standing; and

c) In the event of a vacancy occurring in any office, the Board of Directors may fill the vacancy for the un-expired portion of the term.

ARTICLE IX *Regular, Special and Annual Meetings*

Section 9.01 Regular Meetings

The Club shall hold Regular Meetings weekly, if possible, from September to June, inclusive, with such intermissions as may from time to time be determined by the Board of Directors.

Section 9.02 Special Meetings

Special Meetings of the Club may be called at any time by the President, or on a requisition signed by ten Directors.

Section 9.03 Annual Meetings

The Annual Meeting shall be held not later than June 30th of each year. At the Annual Meeting a report of the year's proceedings and work shall be submitted by the President and this report shall be accompanied by an interim financial report from the Treasurer.

Section 9.04 Notice of Meetings to Members

a) Notice of all Regular Meetings shall be given to all Members of the Club at their Recorded Address;

b) Notice of all Special and Annual Meetings shall be given to all Members of the Club at least ten days prior to the date upon which the meeting is to be held; and

c) The accidental failure or omission to give notice to any Member shall not invalidate the proceeding at any meeting.

Section 9.05 Quorum at Meetings

Sixteen Members in good standing shall constitute a quorum at any meeting of the Members of the Club.

Section 9.06 Limitation of Business at Regular Meetings

No business shall be introduced at any Regular Meeting of the Club by any person other than the Chair of the meeting, unless it has been approved by the Board prior to the meeting.

ARTICLE X *Fiscal Year*

The fiscal year of the Club shall end on such day in each year as may be fixed by the Board of Directors, but if not so fixed by the Board, it shall end on June 30.

ARTICLE XI *Not-For-Profit Corporation*

The Club shall be operated without the purpose of gain for any of its Members and any profits or other accretions to the Club shall be used in promoting the objects of the Club.

ARTICLE XII *Amendment of By-Laws*

The By-Laws of the Club may be repealed or amended by a by-law enacted by the Board of Directors and sanctioned by an affirmative vote of two-thirds (2/3) of the Members at a meeting duly called for the purpose of considering such repeal or amendment.

ARTICLE XIII *Auditor*

a) An Auditor shall be appointed at each annual meeting at a remuneration to be determined by the Directors.

ARTICLE XIV *Indemnification of Directors and Officers*

Section 14.01 Protection

For the protection of Directors and Officers:

a) No Director or Officer shall be liable for the acts, receipts, neglects or defaults of any other Director, Officer or employee or for any loss, damage or expense happening to the Club through the insufficiency or deficiency of title to any property acquired by order of the Board or for or on behalf of the Club or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Club shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or company with whom or which any moneys, securities or effects shall be lodged or deposited or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of such Director's or Officer's respective office or trust or in relation thereto, unless the same shall happen by or through such Director's or Officer's own wrongful and willful act or through his own wrongful and willful neglect or default.

b) Directors and Officers shall not be liable to the Club for any costs, charges, expenses, loss or liability which the Club shall suffer or incur for, by reason of, arising out of, or in any way relating to any act, deed, matter or thing made, done or permitted to be done or omitted to be done by him in the performance of his duties and functions (or in the performance of what he honestly believed was in the proper performance of his duties and functions), provided he acted or made such omission honestly, in good faith and without fraud or fraudulent intent.

Section 14.02 Indemnity

Every Director or Officer of the Club, and his heirs, executors and administrators, and estate and effects, respectively, shall from time to time and at all times, be indemnified and saved harmless out of the funds of the Club from and against:

a) any and all costs, charges and expenses whatsoever which such Director or Officer sustains or incurs in or about any action, suit or proceeding that is brought, commenced or prosecuted against him, for or in respect of any act, deed, matter or thing whatsoever made, done or permitted by him, in or about the execution of the duties of his office; and

b) any and all costs, charges and expenses that he sustains or incurs in or about or in relation to the affairs thereof, except such costs, charges or expenses as are occasioned by his own willful neglect or default.

Section 14.03 Insurance

The Board shall cause to be purchased such insurance as it considers advisable and necessary to ensure that Directors and Officers will be indemnified and saved harmless in accordance with this By-Law; the premiums for such insurance coverage shall be paid from the funds of the Club.

ARTICLE XV *Financial Matters*

Section 15.01 Authorized Signing Officers

Contracts, documents or other instruments in writing requiring the signature of the Club shall be signed by any two Officers and all contracts, documents, and instruments in writing so signed shall be binding upon the Club without any further authorization or formality. The Board shall have power from time to time by resolution to appoint an Officer or Officers on behalf of the corporation to sign specific contracts, documents and instruments in writing. Any financial obligation in excess of $25,000 to be incurred by the Club shall require Board authorization.

Section 15.02 Banking and Borrowing

a) Bank accounts of the Club shall be kept at such banks and in such places and shall be operated in such manner and by such person or persons as the Board shall from time to time determine by by-law.

b) The Board may from time to time:

   i) borrow money on the credit of the Club;

   ii) issue, sell or pledge debt obligations (including bonds, debentures, debenture stock, notes or other like liabilities whether secured or unsecured) of the Club;

   iii) charge, mortgage, hypothecate or pledge all or any currently owned or subsequently acquired real or personal, movable or immovable property of the Club, including book debts, rights, powers, franchises and undertakings, to secure any debt obligations or any money borrowed, or other debt or liability of the Corporation; and

   iv) delegate the powers conferred on the Board under this paragraph to such Officer or Officers of the Club and to such extent and in such manner as the Directors shall determine.

Section 15.03 Investments

The Board may invest in any investments which are authorized by the Club's investment policy as determined by the Board from time to time.

Section 15.04 Trust Funds

a) No benefit given in trust to or to the use of the Club for endowment purposes shall be hypothecated, transferred or assigned to obtain credit or to receive funds except as allowed by the *Trustee Act* (Ontario);

b) The Secretary shall keep at the Registered Office of the Club copies of all testamentary documents and trust instruments by which benefits are given, bequeathed or devised to, or to the use of, the Club;

c) The Club shall apply any trust funds of the Club only to the designated purpose(s) for which such funds were intended. Under no circumstances shall the Club transfer any funds held in trust by the Club to any other individual or entity, unless such transfer complies with all applicable law, including without limitation, the *Charities Accounting Act* (Ontario) and the *Trustee Act* (Ontario); and

d) The Treasurer shall at least semi-annually provide an accounting to the Board with respect to all funds held in trust by the Club.